

Fill in this information to identify the case:

Debtor name Galleria 2425 Owner, LLC

United States Bankruptcy Court for the:

Southern District of TexasCase number (if known): 23-34815-H5-11☐ Check if this is an amended filingOfficial Form 202**Declaration Under Penalty of Perjury for Non-Individual Debtors**

12/15

An individual who is authorized to act on behalf of a non-individual debtor, such as a corporation or partnership, must sign and submit this form for the schedules of assets and liabilities, any other document that requires a declaration that is not included in the document, and any amendments of those documents. This form must state the individual's position or relationship to the debtor, the identity of the document, and the date. Bankruptcy Rules 1008 and 9011.

**WARNING** -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

**Declaration and signature**

I am the president, another officer, or an authorized agent of the corporation; a member or an authorized agent of the partnership; or another individual serving as a representative of the debtor in this case.

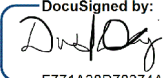
I have examined the information in the documents checked below and I have a reasonable belief that the information is true and correct:

- ☒ *Schedule A/B: Assets—Real and Personal Property* (Official Form 206A/B)
- ☒ *Schedule D: Creditors Who Have Claims Secured by Property* (Official Form 206D)
- ☒ *Schedule E/F: Creditors Who Have Unsecured Claims* (Official Form 206E/F)
- ☒ *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G)
- ☒ *Schedule H: Codebtors* (Official Form 206H)
- ☒ *A Summary of Assets and Liabilities for Non-Individuals* (Official Form 206A-Summary)
- ☐ *Amended Schedule* \_\_\_\_\_
- ☐ *Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders* (Official Form 204)
- ☐ Other document that requires a declaration \_\_\_\_\_

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 12/22/2023  
MM/ DD/ YYYY

X

DocuSigned by:  
  
F771A38D78374AE...

Signature of individual signing on behalf of debtor

Dward Darjean  
Printed name

Manager  
Position or relationship to debtor

Fill in this information to identify the case:

Debtor name Galleria 2425 Owner, LLC

United States Bankruptcy Court for the:

Southern District of TexasCase number (if known): 23-34815-H5-11☐ Check if this is an amended filing**Official Form 204****Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders**

12/15

A list of creditors holding the 20 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an *insider*, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors, unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 20 largest unsecured claims.

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
1	Caz Creek Lending 118 Vintage Park Blvd No. W Houston, TX 77070		Tax Lien		\$800,238.37	\$17,500,000.00	\$800,238.37
2	Cirro Electric PO Box 60004 Dallas, TX 75266		Electricity provider				\$22,928.00
3	City of Houston Po Box 1560 Houston, TX 77251-1560				\$544,604.20	\$17,500,000.00	\$544,604.20
4	City of Houston Water Department PO Box 1560 Houston, TX 77251		Water				\$6,126.00
5	Datawatch Systems 4520 East West Highway 200 Bethesda, MD 20814		Services	Disputed			\$22,990.00
6	Firetron PO Box 1604 Stafford, TX 77497		Services				\$30,040.34
7	First Insurance Funding 450 Skokie Blvd Northbrook, IL 60062						\$5,507.36
8	Gulfstream Legal Group 1300 Texas St Houston, TX 77002		Legal services	Disputed Unliquidated			\$57,799.06

Debtor Galleria 2425 Owner, LLC  
NameCase number (if known) 23-34815-H5-11

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
9	Hayward PLLC 10501 N Central Expy Ste 106 Dallas, TX 75231-2203		Legal fees				\$97,193.00
10	HNB Construction, LLC 521 Woodhaven Ingleside, TX 78362		Services	Disputed Unliquidated			\$84,853.00
11	Houston Community College System c/o Tara Grundemeier Linebarger, Groggan, Blair & Sampson Po Box 3064 Houston, TX 77253-3064		Ad Valorem tax lien		\$97,110.05	\$17,500,000.00	\$97,110.05
12	Houston Independent School District P.O. Box 4668 Houston, TX 77210		Ad valorem		\$979,200.35	\$17,500,000.00	\$979,200.35
13	Lexitas PO Box Box 734298 Dept 2012 Dallas, TX 75373		Services				\$2,771.75
14	National Bank of Kuwait 299 Park Ave. 17th Floor New York, NY 10171		Deed of Trust	Contingent Disputed Unliquidated	\$63,552,988.00	\$17,500,000.00	\$63,552,988.00
15	National Bank of Kuwait Charles C. Conrad Pillsbury Winthrop Shaw Pittsman, LLP 909 Fannin St, Ste 2000 Houston, TX 77010		Tax lien assignments - subject to offsets and claims. Tax lien assignments were part of breached settlement agreement.	Contingent Disputed Unliquidated	\$1,696,384.00	\$17,500,000.00	\$1,696,384.00
16	Nationwide Security 2425 W Loop S 300 Houston, TX 77027		Services				\$32,549.70
17	Nichamoff Law Firm 2444 Times Blvd 270 Houston, TX 77005		Legal services				\$46,984.22
18	T&R Mechanical 21710 White Oak Dr Conroe, TX 77306-8848						\$4,216.34
19	TKE 3100 Interstate North Cir SE 500 Atlanta, GA 30339		Elevator maintenance and repair				\$76,935.35







Debtor Galleria 2425 Owner, LLC  
NameCase number (if known) 23-34815-H5-11**8. Prepayments, including prepayments on executory contracts, leases, insurance, taxes, and rent**

Description, including name of holder of prepayment

8.1 \_\_\_\_\_

8.2 \_\_\_\_\_

**9. Total of Part 2**

Add lines 7 through 8. Copy the total to line 81.

\$0.00**Part 3: Accounts receivable****10. Does the debtor have any accounts receivable?**

- ☐ No. Go to Part 4.
- ☒ Yes. Fill in the information below.

Current value of  
debtor's interest**11. Accounts receivable**

11a. 90 days old or less: \$68,645.62 - unknown =..... → \$68,645.62  
face amount doubtful or uncollectible accounts

11b. Over 90 days old: \_\_\_\_\_ - \_\_\_\_\_ =..... → \_\_\_\_\_  
face amount doubtful or uncollectible accounts

**12. Total of Part 3**

Current value on lines 11a + 11b = line 12. Copy the total to line 82.

\$68,645.62**Part 4: Investments****13. Does the debtor own any investments?**

- ☒ No. Go to Part 5.
- ☐ Yes. Fill in the information below.

Valuation method used  
for current valueCurrent value of  
debtor's interest**14. Mutual funds or publicly traded stocks not included in Part 1**

Name of fund or stock:

14.1 \_\_\_\_\_

14.2 \_\_\_\_\_

**15. Non-publicly traded stock and interests in incorporated and unincorporated businesses, including any interest in an LLC, partnership, or joint venture**

Name of entity: \_\_\_\_\_ % of ownership: \_\_\_\_\_

15.1. \_\_\_\_\_

15.2. \_\_\_\_\_

**16. Government bonds, corporate bonds, and other negotiable and non-negotiable instruments not included in Part 1**

Describe:

16.1 \_\_\_\_\_

Debtor Galleria 2425 Owner, LLC  
NameCase number (if known) 23-34815-H5-11

16.2 \_\_\_\_\_

**17. Total of Part 4**

Add lines 14 through 16. Copy the total to line 83.

**Part 5: Inventory, excluding agriculture assets****18. Does the debtor own any inventory (excluding agriculture assets)?**

- ☒ No. Go to Part 6.  
☐ Yes. Fill in the information below.

General description	Date of the last physical inventory	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
<b>19. Raw materials</b>				
_____	MM / DD / YYYY	_____	_____	_____
<b>20. Work in progress</b>				
_____	MM / DD / YYYY	_____	_____	_____
<b>21. Finished goods, including goods held for resale</b>				
_____	MM / DD / YYYY	_____	_____	_____
<b>22. Other inventory or supplies</b>				
_____	MM / DD / YYYY	_____	_____	_____

**23. Total of Part 5**

Add lines 19 through 22. Copy the total to line 84.

**24. Is any of the property listed in Part 5 perishable?**

- ☒ No  
☐ Yes

**25. Has any of the property listed in Part 5 been purchased within 20 days before the bankruptcy was filed?**

- ☒ No  
☐ Yes. Book value \_\_\_\_\_ Valuation method \_\_\_\_\_ Current value \_\_\_\_\_

**26. Has any of the property listed in Part 5 been appraised by a professional within the last year?**

- ☒ No  
☐ Yes

**Part 6: Farming and fishing-related assets (other than titled motor vehicles and land)****27. Does the debtor own or lease any farming and fishing-related assets (other than titled motor vehicles and land)?**

- ☒ No. Go to Part 7.  
☐ Yes. Fill in the information below.

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
28. <b>Crops—either planted or harvested</b>			
29. <b>Farm animals</b> <i>Examples:</i> Livestock, poultry, farm-raised fish			
30. <b>Farm machinery and equipment</b> (Other than titled motor vehicles)			
31. <b>Farm and fishing supplies, chemicals, and feed</b>			
32. <b>Other farming and fishing-related property not already listed in Part 6</b>			
33. <b>Total of Part 6</b> Add lines 28 through 32. Copy the total to line 85.			
34. <b>Is the debtor a member of an agricultural cooperative?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Is any of the debtor's property stored at the cooperative? <input type="checkbox"/> No <input type="checkbox"/> Yes			
35. <b>Has any of the property listed in Part 6 been purchased within 20 days before the bankruptcy was filed?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Book value _____ Valuation method _____ Current value _____			
36. <b>Is a depreciation schedule available for any of the property listed in Part 6?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			
37. <b>Has any of the property listed in Part 6 been appraised by a professional within the last year?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			
<b>Part 7: Office furniture, fixtures, and equipment; and collectibles</b>			
38. <b>Does the debtor own or lease any office furniture, fixtures, equipment, or collectibles?</b> <input type="checkbox"/> No. Go to Part 8. <input checked="" type="checkbox"/> Yes. Fill in the information below.			
General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
39. <b>Office furniture</b>			

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

	unknown		unknown
<b>Other entities own furniture, equipment</b>			
40. <b>Office fixtures</b>			
41. <b>Office equipment, including all computer equipment and communication systems equipment and software</b>			
42. <b>Collectibles</b> <i>Examples: Antiques and figurines; paintings, prints, or other artwork; books, pictures, or other art objects; china and crystal; stamp, coin, or baseball card collections; other collections, memorabilia, or collectibles</i>			
42.1			
42.2			
42.3			
43. <b>Total of Part 7</b> Add lines 39 through 42. Copy the total to line 86.			
44. <b>Is a depreciation schedule available for any of the property listed in Part 7?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			
45. <b>Has any of the property listed in Part 7 been appraised by a professional within the last year?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			
<b>Part 8: Machinery, equipment, and vehicles</b>			
46. <b>Does the debtor own or lease any machinery, equipment, or vehicles?</b> <input checked="" type="checkbox"/> No. Go to Part 9. <input type="checkbox"/> Yes. Fill in the information below.			
<b>General description</b> Include year, make, model, and identification numbers (i.e., VIN, HIN, or N-number)	<b>Net book value of debtor's interest</b> (Where available)	<b>Valuation method used for current value</b>	<b>Current value of debtor's interest</b>
47. <b>Automobiles, vans, trucks, motorcycles, trailers, and titled farm vehicles</b>			
47.1			
47.2			
47.3			
47.4			
48. <b>Watercraft, trailers, motors, and related accessories</b> <i>Examples: Boats, trailers, motors, floating homes, personal watercraft, and fishing vessels</i>			
48.1			
48.2			

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

49. **Aircraft and accessories**

49.1 \_\_\_\_\_

49.2 \_\_\_\_\_

50. **Other machinery, fixtures, and equipment (excluding farm machinery and equipment)**

\_\_\_\_\_

51. **Total of Part 8**

Add lines 47 through 50. Copy the total to line 87.

_____
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52. **Is a depreciation schedule available for any of the property listed in Part 8?**☒ No☐ Yes53. **Has any of the property listed in Part 8 been appraised by a professional within the last year?**☒ No☐ Yes**Part 9: Real property**54. **Does the debtor own or lease any real property?**☐ No. Go to Part 10.☒ Yes. Fill in the information below.55. **Any building, other improved real estate, or land which the debtor owns or in which the debtor has an interest****Description and location of property**

Include street address or other description such as Assessor Parcel Number (APN), and type of property (for example, acreage, factory, warehouse, apartment or office building), if available.

**Nature and extent of debtor's interest in property****Net book value of debtor's interest**

(Where available)

**Valuation method used for current value****Current value of debtor's interest**55.1 Real Property / 2425 West Loop South  
Houston, TX 77027Fee SimpleunknownValue based on appraisal of property by Cushman and Wakefield dated May 3, 2023 for the National Bank of Kuwait\$17,500,000.0056. **Total of Part 9**

Add the current value on lines 55.1 through 55.6 and entries from any additional sheets. Copy the total to line 88.

\$17,500,000.0057. **Is a depreciation schedule available for any of the property listed in Part 9?**☒ No☐ Yes58. **Has any of the property listed in Part 9 been appraised by a professional within the last year?**☐ No☒ Yes**Part 10: Intangibles and intellectual property**

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

## 59. Does the debtor have any interests in intangibles or intellectual property?

- ☐ No. Go to Part 11.
- ☒ Yes. Fill in the information below.

General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
60. Patents, copyrights, trademarks, and trade secrets			
61. Internet domain names and websites			
62. Licenses, franchises, and royalties Elevator, fire alarm, occupancy permits - City of Houston Permits	unknown		\$100.00
63. Customer lists, mailing lists, or other compilations			
64. Other intangibles, or intellectual property			
65. Goodwill			
66. Total of Part 10 Add lines 60 through 65. Copy the total to line 89.			\$100.00

## 67. Do your lists or records include personally identifiable information of customers (as defined in 11 U.S.C. §§ 101(41A) and 107)?

- ☒ No
- ☐ Yes

## 68. Is there an amortization or other similar schedule available for any of the property listed in Part 10?

- ☒ No
- ☐ Yes

## 69. Has any of the property listed in Part 10 been appraised by a professional within the last year?

- ☒ No
- ☐ Yes

**Part 11: All other assets**

## 70. Does the debtor own any other assets that have not yet been reported on this form?

Include all interests in executory contracts and unexpired leases not previously reported on this form.

- ☐ No. Go to Part 12.
- ☒ Yes. Fill in the information below.

Current value of debtor's interest

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

71. **Notes receivable**

Description (include name of obligor)

_____	-	_____	= →	_____
		Total face amount		doubtful or uncollectible amount

72. **Tax refunds and unused net operating losses (NOLs)**

Description (for example, federal, state, local)

_____	Tax year	_____
_____	Tax year	_____
_____	Tax year	_____

73. **Interests in insurance policies or annuities**

_____	_____
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74. **Causes of action against third parties (whether or not a lawsuit has been filed)**

<u>Claims against the National Bank of Kuwait including, but not limited to, lender liability, conspiracy and breach of contract.</u>	<u>unknown</u>
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Nature of claim \_\_\_\_\_

Amount requested unknown

<u>Claims, including but not limited to, breach of contract against Sonder (former tenant)</u>	<u>unknown</u>
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Nature of claim \_\_\_\_\_

Amount requested unknown

<u>Potential disputes/breach of contract claims with current tenants regarding leases</u>	<u>unknown</u>
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Nature of claim \_\_\_\_\_

Amount requested unknown

<u>Claims and causes of action against Azeemeh Zaheer, Osama Abdulatiff, Rodney Drinnon and/or David Tang</u>	<u>unknown</u>
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Nature of claim	<u>Claims include, but not limited to, breach of duty, fraud, conspiracy, RICO, disparagement, tortuous interference with contract, tortuous interference with business relationships, and other claims and causes of action</u>
-----------------	--

Amount requested unknown75. **Other contingent and unliquidated claims or causes of action of every nature, including counterclaims of the debtor and rights to set off claims**

_____	_____
-------	-------

Nature of claim \_\_\_\_\_

Amount requested \_\_\_\_\_

76. **Trusts, equitable or future interests in property**

_____	_____
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77. **Other property of any kind not already listed** *Examples: Season tickets, country club membership*

_____	_____
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Debtor Galleria 2425 Owner, LLC

Name

Case number (if known) 23-34815-H5-11**78. Total of Part 11**

Add lines 71 through 77. Copy the total to line 90.

**79. Has any of the property listed in Part 11 been appraised by a professional within the last year?**☒ No☐ Yes**Part 12: Summary**

In Part 12 copy all of the totals from the earlier parts of the form.

Type of property	Current value of personal property	Current value of real property
80. Cash, cash equivalents, and financial assets. Copy line 5, Part 1.	<u>\$56,652.35</u>	
81. Deposits and prepayments. Copy line 9, Part 2.	<u>\$0.00</u>	
82. Accounts receivable. Copy line 12, Part 3.	<u>\$68,645.62</u>	
83. Investments. Copy line 17, Part 4.	<u></u>	
84. Inventory. Copy line 23, Part 5.	<u></u>	
85. Farming and fishing-related assets. Copy line 33, Part 6.	<u></u>	
86. Office furniture, fixtures, and equipment; and collectibles. Copy line 43, Part 7.	<u>unknown</u>	
87. Machinery, equipment, and vehicles. Copy line 51, Part 8.	<u></u>	
88. Real property. Copy line 56, Part 9..... →		<u>\$17,500,000.00</u>
89. Intangibles and intellectual property. Copy line 66, Part 10.	<u>\$100.00</u>	
90. All other assets. Copy line 78, Part 11. +	<u>unknown</u>	
91. Total. Add lines 80 through 90 for each column.....91a.	<u>\$125,397.97</u>	+ 91b. <u>\$17,500,000.00</u>
92. Total of all property on Schedule A/B. Lines 91a + 91b = 92. ....		<u>\$17,625,397.97</u>

Fill in this information to identify the case:

Debtor name Galleria 2425 Owner, LLCUnited States Bankruptcy Court for the: Southern District of Texas  
(State)Case number (if known): 23-34815-H5-11☐ Check if this is an amended filing

## Official Form 206D

**Schedule D: Creditors Who Have Claims Secured by Property**

12/15

Be as complete and accurate as possible.

**1. Do any creditors have claims secured by debtor's property?**

- ☐ No. Check this box and submit page 1 of this form to the court with debtor's other schedules. Debtor has nothing else to report on this form.
- ☒ Yes. Fill in all of the information below.

**Part 1: List Creditors Who Have Secured Claims****2. List in alphabetical order all creditors who have secured claims.** If a creditor has more than one secured claim, list the creditor separately for each claim.

*Column A*  
**Amount of claim**  
Do not deduct the value of collateral.

*Column B*  
**Value of collateral that supports this claim**

**2.1 Creditor's name**2425 WL, LLC**Describe debtor's property that is subject to a lien**\$25,092,415.80\$17,500,000.00**Creditor's mailing address**13498 Pond Springs Rd.Austin, TX 78729Real Property**Describe the lien**Second lien mortgage**Creditor's email address, if known****Is the creditor an insider or related party?**

- ☐ No
- ☒ Yes

**Date debt was incurred** May 2018**Is anyone else liable on this claim?**

- ☒ No
- ☐ Yes. Fill out Schedule H: Codebtors (Official Form 206H).

**Last 4 digits of account number**     **As of the petition filing date, the claim is:**

Check all that apply.

- ☐ Contingent
- ☐ Unliquidated
- ☐ Disputed

**Do multiple creditors have an interest in the same property?**

- ☐ No
- ☒ Yes. Specify each creditor, including this creditor, and its relative priority.

1) 2425 WL, LLC; 2) National Bank of Kuwait; 3) Caz Creek Lending; 4) National Bank of Kuwait ; 5) Houston Independent School District; 6) Houston Community College System; 7) City of Houston

**3. Total of the dollar amounts from Part 1, Column A, including the amounts from the Additional Page, if any.**\$92,762,940.77

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

<b>Part 1: Additional Page</b>		<i>Column A</i> <b>Amount of claim</b> Do not deduct the value of collateral.	<i>Column B</i> <b>Value of collateral that supports this claim</b>
<b>Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.</b>			
<b>2.2 Creditor's name</b> <u>Caz Creek Lending</u>	<b>Describe debtor's property that is subject to a lien</b> <u>Real Property</u>	<u>\$800,238.37</u>	<u>\$17,500,000.00</u>
<b>Creditor's mailing address</b> <u>118 Vintage Park Blvd No. W</u> <u>Houston, TX 77070</u>	<b>Describe the lien</b> <u>Tax Lien</u>		
<b>Creditor's email address, if known</b> _____	<b>Is the creditor an insider or related party?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
<b>Date debt was incurred</b> _____	<b>Is anyone else liable on this claim?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Fill out Schedule H: Codebtors (Official Form 206H).		
<b>Last 4 digits of account number</b> ____	<b>As of the petition filing date, the claim is:</b> Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed		
<b>Do multiple creditors have an interest in the same property?</b> <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Have you already specified the relative priority? <input type="checkbox"/> No. Specify each creditor, including this creditor, and its relative priority. _____ _____			
<input checked="" type="checkbox"/> Yes. The relative priority of creditors is specified on lines <u>2.1</u>			

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

<b>Part 1: Additional Page</b>		<i>Column A</i> <b>Amount of claim</b> Do not deduct the value of collateral.	<i>Column B</i> <b>Value of collateral that supports this claim</b>
<b>Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.</b>			
<b>2.3 Creditor's name</b> <u>City of Houston</u>	<b>Describe debtor's property that is subject to a lien</b> <u>Real Property</u>	<u>\$544,604.20</u>	<u>\$17,500,000.00</u>
<b>Creditor's mailing address</b> <u>Po Box 1560</u> <u>Houston, TX 77251-1560</u>	<b>Describe the lien</b> _____		
<b>Creditor's email address, if known</b> _____	<b>Is the creditor an insider or related party?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
<b>Date debt was incurred</b> _____	<b>Is anyone else liable on this claim?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Fill out Schedule H: Codebtors (Official Form 206H).		
<b>Last 4 digits of account number</b> _____	<b>As of the petition filing date, the claim is:</b> Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed		
<b>Do multiple creditors have an interest in the same property?</b> <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Have you already specified the relative priority? <input type="checkbox"/> No. Specify each creditor, including this creditor, and its relative priority. _____ _____ <input checked="" type="checkbox"/> Yes. The relative priority of creditors is specified on lines <u>2.1</u>			

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

<b>Part 1: Additional Page</b>		<i>Column A</i> <b>Amount of claim</b> Do not deduct the value of collateral.	<i>Column B</i> <b>Value of collateral that supports this claim</b>
<b>Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.</b>			
<b>2.4 Creditor's name</b> <u>Houston Community College System</u>	<b>Describe debtor's property that is subject to a lien</b> <u>Real Property</u>	<u>\$97,110.05</u>	<u>\$17,500,000.00</u>
<b>Creditor's mailing address</b> <u>c/o Tara Grundemeier</u> <u>Linebarger, Groggan, Blair &amp; Sampson</u> <u>Po Box 3064</u> <u>Houston, TX 77253-3064</u>	<b>Describe the lien</b> <u>Ad Valorem tax lien</u>		
<b>Creditor's email address, if known</b> _____	<b>Is the creditor an insider or related party?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
<b>Date debt was incurred</b> _____	<b>Is anyone else liable on this claim?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Fill out Schedule H: Codebtors (Official Form 206H).		
<b>Last 4 digits of account number</b> _____	<b>As of the petition filing date, the claim is:</b> Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed		
<b>Do multiple creditors have an interest in the same property?</b> <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Have you already specified the relative priority? <input type="checkbox"/> No. Specify each creditor, including this creditor, and its relative priority. _____ _____ <input checked="" type="checkbox"/> Yes. The relative priority of creditors is specified on lines <u>2.1</u>			

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

<b>Part 1: Additional Page</b>		<i>Column A</i> <b>Amount of claim</b> Do not deduct the value of collateral.	<i>Column B</i> <b>Value of collateral that supports this claim</b>
<b>Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.</b>			
<b>2.5 Creditor's name</b> <u>Houston Independent School District</u>	<b>Describe debtor's property that is subject to a lien</b> <u>Real Property</u>	<u>\$979,200.35</u>	<u>\$17,500,000.00</u>
<b>Creditor's mailing address</b> <u>P.O. Box 4668</u> <u>Houston, TX 77210</u>	<b>Describe the lien</b> <u>Ad valorem</u>		
<b>Creditor's email address, if known</b> _____	<b>Is the creditor an insider or related party?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
<b>Date debt was incurred</b> _____	<b>Is anyone else liable on this claim?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Fill out Schedule H: Codebtors (Official Form 206H).		
<b>Last 4 digits of account number</b> ____ _	<b>As of the petition filing date, the claim is:</b> Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed		
<b>Do multiple creditors have an interest in the same property?</b> <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Have you already specified the relative priority? <input type="checkbox"/> No. Specify each creditor, including this creditor, and its relative priority. _____ _____			
<input checked="" type="checkbox"/> Yes. The relative priority of creditors is specified on lines <u>2.1</u>			

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

<b>Part 1: Additional Page</b>		<i>Column A</i> <b>Amount of claim</b> Do not deduct the value of collateral.	<i>Column B</i> <b>Value of collateral that supports this claim</b>
<b>Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.</b>			
<b>2.6 Creditor's name</b> <u>National Bank of Kuwait</u>	<b>Describe debtor's property that is subject to a lien</b> <u>Real Property</u>	<u>\$63,552,988.00</u>	<u>\$17,500,000.00</u>
<b>Creditor's mailing address</b> <u>299 Park Ave. 17th Floor</u> <u>New York, NY 10171</u>	<b>Describe the lien</b> <u>Deed of Trust</u>		
<b>Creditor's email address, if known</b> _____	<b>Is the creditor an insider or related party?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
<b>Date debt was incurred</b> <u>05/23/2018</u>	<b>Is anyone else liable on this claim?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Fill out Schedule H: Codebtors (Official Form 206H).		
<b>Last 4 digits of account number</b> <u>    </u>	<b>As of the petition filing date, the claim is:</b> Check all that apply. <input checked="" type="checkbox"/> Contingent <input checked="" type="checkbox"/> Unliquidated <input checked="" type="checkbox"/> Disputed		
<b>Do multiple creditors have an interest in the same property?</b> <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Have you already specified the relative priority? <input type="checkbox"/> No. Specify each creditor, including this creditor, and its relative priority. _____ _____			
<input checked="" type="checkbox"/> Yes. The relative priority of creditors is specified on lines <u>2.1</u>			
<b>Remarks:</b> Claim subject to offset and claims for damages; Debtor has significant claims against the NBK for wrongful actions and breach of contract			

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

<b>Part 1: Additional Page</b>		<i>Column A</i> <b>Amount of claim</b> Do not deduct the value of collateral.	<i>Column B</i> <b>Value of collateral that supports this claim</b>
<b>Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.</b>			
<b>2.7 Creditor's name</b> <u>National Bank of Kuwait</u>	<b>Describe debtor's property that is subject to a lien</b> <u>Real Property</u>	<u>\$1,696,384.00</u>	<u>\$17,500,000.00</u>
<b>Creditor's mailing address</b> <u>Charles C. Conrad Pillsbury</u> <u>Winthrop Shaw Pittsman, LLP</u> <u>909 Fannin St, Ste 2000</u> <u>Houston, TX 77010</u>	<b>Describe the lien</b> Tax lien assignments - subject to offsets and claims. Tax lien assignments were part of breached settlement agreement.		
<b>Creditor's email address, if known</b> _____	<b>Is the creditor an insider or related party?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		
<b>Date debt was incurred</b> _____	<b>Is anyone else liable on this claim?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Fill out Schedule H: Codebtors (Official Form 206H).		
<b>Last 4 digits of account number</b> _____	<b>As of the petition filing date, the claim is:</b> Check all that apply. <input checked="" type="checkbox"/> Contingent <input checked="" type="checkbox"/> Unliquidated <input checked="" type="checkbox"/> Disputed		
<b>Do multiple creditors have an interest in the same property?</b> <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Have you already specified the relative priority? <input type="checkbox"/> No. Specify each creditor, including this creditor, and its relative priority. _____ _____ <input checked="" type="checkbox"/> Yes. The relative priority of creditors is specified on lines <u>2.1</u>			







Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

**Part 2: List Others to Be Notified for a Debt Already Listed in Part 1**

List in alphabetical order any others who must be notified for a debt already listed in Part 1. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for secured creditors.

If no others need to be notified for the debts listed in Part 1, do not fill out or submit this page. If additional pages are needed, copy this page.

Name and address	On which line in Part 1 did you enter the related creditor?	Last 4 digits of account number for this entity
2425 WL, LLC 60 West 2nd St. Freeport, NY 11746	Line 2. <u>1</u>	____
Linebarger Goggan & Blair P.O. Box 3064 Houston, TX 77253	Line 2. <u>3</u>	____
Linebarger Goggan & Blair P.O. Box 3064 Houston, TX 77253	Line 2. <u>5</u>	____
_____ _____ _____	Line 2. ____	____
_____ _____ _____	Line 2. ____	____
_____ _____ _____	Line 2. ____	____
_____ _____ _____	Line 2. ____	____
_____ _____ _____	Line 2. ____	____
_____ _____ _____	Line 2. ____	____



Fill in this information to identify the case:

Debtor name Galleria 2425 Owner, LLC

United States Bankruptcy Court for the:

Southern District of TexasCase number (if known): 23-34815-H5-11☐ Check if this is an amended filing

## Official Form 206E/F

## Schedule E/F: Creditors Who Have Unsecured Claims

12/15

Be as complete and accurate as possible. Use Part 1 for creditors with PRIORITY unsecured claims and Part 2 for creditors with NONPRIORITY unsecured claims. List the other party to any executory contracts or unexpired leases that could result in a claim. Also list executory contracts on *Schedule A/B: Assets - Real and Personal Property* (Official Form 206A/B) and on *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G). Number the entries in Parts 1 and 2 in the boxes on the left. If more space is needed for Part 1 or Part 2, fill out and attach the Additional Page of that Part included in this form.

**Part 1: List All Creditors with PRIORITY Unsecured Claims****1. Do any creditors have priority unsecured claims?** (See 11 U.S.C. § 507)☒ No. Go to Part 2.☐ Yes. Go to line 2.**2. List in alphabetical order all creditors who have unsecured claims that are entitled to priority in whole or in part.** If the debtor has more than 3 creditors with priority unsecured claims, fill out and attach the Additional Page of Part 1.**2.1** Priority creditor's name and mailing address

As of the petition filing date, the claim is:

Check all that apply.

☐ Contingent☐ Unliquidated☐ Disputed

Total claim

Priority amount

Date or dates debt was incurred

Basis for the claim:

Last 4 digits of account number                    

Is the claim subject to offset?

☐ No☐ YesSpecify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a)     **2.2** Priority creditor's name and mailing address

As of the petition filing date, the claim is:

Check all that apply.

☐ Contingent☐ Unliquidated☐ Disputed

Date or dates debt was incurred

Basis for the claim:

Last 4 digits of account number                    

Is the claim subject to offset?

☐ No☐ YesSpecify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a)

Debtor Galleria 2425 Owner, LLCCase number (if known) 23-34815-H5-11

Name

**Part 2: List All Creditors with NONPRIORITY Unsecured Claims**

3. List in alphabetical order all of the creditors with nonpriority unsecured claims. If the debtor has more than 6 creditors with nonpriority unsecured claims, fill out and attach the Additional Page of Part 2.

**Amount of claim****3.1 Nonpriority creditor's name and mailing address**2425 West Loop LLC dba Metwall Design Solutions LLC2425 West Loop S Ste 800Houston, TX 77027-4214

Date or dates debt was incurred \_\_\_\_\_

Last 4 digits of account number \_\_\_\_\_

Remarks: Disputes over tenant improvements and other matters

**As of the petition filing date, the claim is:**

Check all that apply.

- ☐ Contingent  
☒ Unliquidated  
☒ Disputed

Basis for the claim: Lease payments**Is the claim subject to offset?**

- ☒ No  
☐ Yes

unknown**3.2 Nonpriority creditor's name and mailing address**ADTPO Box 382109Pittsburgh, PA 15251

Date or dates debt was incurred \_\_\_\_\_

Last 4 digits of account number \_\_\_\_\_

**As of the petition filing date, the claim is:**

Check all that apply.

- ☐ Contingent  
☐ Unliquidated  
☐ Disputed

Basis for the claim: Contract**Is the claim subject to offset?**

- ☒ No  
☐ Yes

\$1,487.00**3.3 Nonpriority creditor's name and mailing address**Ali Choudhri1001 West Loop South 700Houston, TX 77027

Date or dates debt was incurred \_\_\_\_\_

Last 4 digits of account number \_\_\_\_\_

**As of the petition filing date, the claim is:**

Check all that apply.

- ☐ Contingent  
☐ Unliquidated  
☐ Disputed

Additional amounts owed

Basis for the claim: for tax liens**Is the claim subject to offset?**

- ☒ No  
☐ Yes

\$6,771,235.00**3.4 Nonpriority creditor's name and mailing address**Ash Automated Control Systems, LLCPO Box 1113Fulshear, TX 77441

Date or dates debt was incurred \_\_\_\_\_

Last 4 digits of account number \_\_\_\_\_

**As of the petition filing date, the claim is:**

Check all that apply.

- ☐ Contingent  
☐ Unliquidated  
☐ Disputed

Basis for the claim: HVAC Repair**Is the claim subject to offset?**

- ☒ No  
☐ Yes

\$1,548.31

Debtor Galleria 2425 Owner, LLC  
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<b>3.5</b>	<b>Nonpriority creditor's name and mailing address</b> <u>CFI Mechanical, Inc</u> <u>6109 Brittmoore Rd</u> <u>Houston, TX 77041</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$668.44</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed  <b>Basis for the claim:</b> _____ <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.6</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Cirro Electric</u> <u>PO Box 60004</u> <u>Dallas, TX 75266</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$22,928.00</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed  <b>Basis for the claim:</b> <u>Electricity provider</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.7</b>	<b>Nonpriority creditor's name and mailing address</b> <u>City of Houston Water Department</u> <u>PO Box 1560</u> <u>Houston, TX 77251</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$6,126.00</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed  <b>Basis for the claim:</b> <u>Water</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.8</b>	<b>Nonpriority creditor's name and mailing address</b> <u>CNA Insurance Co</u> <u>PO Box 74007619</u> <u>Chicago, IL 60674</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$0.00</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed  <b>Basis for the claim:</b> <u>Insurance</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>Remarks:</b> Insurance costs will be upcoming. All costs for insurance paid on filing date		

Debtor Galleria 2425 Owner, LLC  
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<b>3.9</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Comcast</u> <u>PO Box 60533</u> <u>City of Industry, CA 91716</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	<b>As of the petition filing date, the claim is:</b> <u>\$300.00</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed  Internet and similar <b>Basis for the claim:</b> <u>services</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.10</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Datawatch Systems</u> <u>4520 East West Highway 200</u> <u>Bethesda, MD 20814</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	<b>As of the petition filing date, the claim is:</b> <u>\$22,990.00</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input checked="" type="checkbox"/> Disputed  <b>Basis for the claim:</b> <u>Services</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes  Remarks: Disputed as to amounts owed.
<b>3.11</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Environmental Coalition Inc</u> <u>PO Box 1568</u> <u>Stafford, TX 77497</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	<b>As of the petition filing date, the claim is:</b> <u>\$800.85</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input checked="" type="checkbox"/> Unliquidated <input checked="" type="checkbox"/> Disputed  <b>Basis for the claim:</b> <u>Pest Control</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.12</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Ferguson Facilities Supplies</u> <u>PO Box 200184</u> <u>San Antonio, TX 78220</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	<b>As of the petition filing date, the claim is:</b> <u>\$2,001.00</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed  <b>Basis for the claim:</b> <u>Services</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes



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<b>3.13</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Firetron</u> <u>PO Box 1604</u> <u>Stafford, TX 77497</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$30,040.34</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <b>Basis for the claim:</b> <u>Services</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.14</b>	<b>Nonpriority creditor's name and mailing address</b> <u>First Insurance Funding</u> <u>450 Skokie Blvd</u> <u>Northbrook, IL 60062</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$5,507.36</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <b>Basis for the claim:</b> _____ <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.15</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Gulfstream Legal Group</u> <u>1300 Texas St</u> <u>Houston, TX 77002</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$57,799.06</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input checked="" type="checkbox"/> Unliquidated <input checked="" type="checkbox"/> Disputed <b>Basis for the claim:</b> <u>Legal services</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.16</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Hayward PLLC</u> <u>10501 N Central Expy Ste 106</u> <u>Dallas, TX 75231-2203</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$97,193.00</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <b>Basis for the claim:</b> <u>Legal fees</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes

Debtor Galleria 2425 Owner, LLC  
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<b>3.17</b> Nonpriority creditor's name and mailing address <u>HNB Construction, LLC</u> <u>521 Woodhaven</u> <u>Ingleside, TX 78362</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	As of the petition filing date, the claim is: <u>\$84,853.00</u> Check all that apply. <input type="checkbox"/> Contingent <input checked="" type="checkbox"/> Unliquidated <input checked="" type="checkbox"/> Disputed Basis for the claim: <u>Services</u> Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.18</b> Nonpriority creditor's name and mailing address <u>Jetail Companies Inc.</u> <u>2425 West Loop S Ste 1100</u> <u>Houston, TX 77027-4210</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	As of the petition filing date, the claim is: <u>\$2,204,801.00</u> Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Commissions and Basis for the claim: <u>payments</u> Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.19</b> Nonpriority creditor's name and mailing address <u>Kings 111 Emergency Communications</u> <u>751 Canyon Drive, Suite 100</u> <u>Coppell, TX 75019</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	As of the petition filing date, the claim is: <u>\$315.95</u> Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: _____ Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.20</b> Nonpriority creditor's name and mailing address <u>Lexitas</u> <u>PO Box Box 734298 Dept 2012</u> <u>Dallas, TX 75373</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	As of the petition filing date, the claim is: <u>\$2,771.75</u> Check all that apply. <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Basis for the claim: <u>Services</u> Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes

Debtor Galleria 2425 Owner, LLC  
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<b>3.21</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Logix Fiber Networks</u> <u>PO Box 734120</u> <u>Dallas, TX 75373</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$323.42</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <b>Basis for the claim:</b> <u>Services</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.22</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Mueller Water Treatment</u> <u>1500 Sherwood Forest Dr.</u> <u>Houston, TX 77043</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$950.00</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <b>Basis for the claim:</b> _____ <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.23</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Nationwide Security</u> <u>2425 W Loop S 300</u> <u>Houston, TX 77027</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$32,549.70</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <b>Basis for the claim:</b> <u>Services</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.24</b>	<b>Nonpriority creditor's name and mailing address</b> <u>Nichamoff Law Firm</u> <u>2444 Times Blvd 270</u> <u>Houston, TX 77005</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____ _	<b>As of the petition filing date, the claim is:</b> <u>\$46,984.22</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <b>Basis for the claim:</b> <u>Legal services</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes

Debtor Galleria 2425 Owner, LLC

Name

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<b>3.25</b> Nonpriority creditor's name and mailing address <u>Smart Office Solutions</u> <u>6623 Theall Rd</u> <u>Houston, TX 77066-1213</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	<b>As of the petition filing date, the claim is:</b> <u>\$1,877.00</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <b>Basis for the claim:</b> <u>Services</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.26</b> Nonpriority creditor's name and mailing address <u>T&amp;R Mechanical</u> <u>21710 White Oak Dr</u> <u>Conroe, TX 77306-8848</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	<b>As of the petition filing date, the claim is:</b> <u>\$4,216.34</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <b>Basis for the claim:</b> _____ <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.27</b> Nonpriority creditor's name and mailing address <u>TKE</u> <u>3100 Interstate North Cir SE 500</u> <u>Atlanta, GA 30339</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	<b>As of the petition filing date, the claim is:</b> <u>\$76,935.35</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <b>Basis for the claim:</b> <u>Elevator maintenance and repair</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>3.28</b> Nonpriority creditor's name and mailing address <u>Waste Management</u> <u>PO Box 660345</u> <u>Dallas, TX 75266</u>  Date or dates debt was incurred _____ Last 4 digits of account number ____	<b>As of the petition filing date, the claim is:</b> <u>\$456.00</u> <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed <b>Basis for the claim:</b> <u>Trash services</u> <b>Is the claim subject to offset?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes

Debtor Galleria 2425 Owner, LLC  
NameCase number (if known) 23-34815-H5-11**Part 2: Additional Page**

<b>3.29</b>	<b>Nonpriority creditor's name and mailing address</b>	<b>As of the petition filing date, the claim is:</b>	<u>\$4,221.00</u>
	<u>Zindler Cleaning Service Co</u>	<i>Check all that apply.</i>	
	<u>2450 Fondren 113</u>	<input type="checkbox"/> Contingent	
	<u>Houston, TX 77063</u>	<input type="checkbox"/> Unliquidated	
		<input type="checkbox"/> Disputed	
		<b>Basis for the claim:</b> _____	
	<b>Date or dates debt was incurred</b> _____	<b>Is the claim subject to offset?</b>	
	<b>Last 4 digits of account number</b> _ _ _ _	<input checked="" type="checkbox"/> No	
		<input type="checkbox"/> Yes	

Debtor Galleria 2425 Owner, LLC  
NameCase number (if known) 23-34815-H5-11**Part 4: Total Amounts of the Priority and Nonpriority Unsecured Claims****5. Add the amounts of priority and nonpriority unsecured claims.****Total of claim amounts**5a. **Total claims from Part 1**

5a.

\$0.005b. **Total claims from Part 2**

5b.

+

\$9,481,879.095c. **Total of Parts 1 and 2**

5c.

\$9,481,879.09

Lines 5a + 5b = 5c.

## Fill in this information to identify the case:

Debtor name Galleria 2425 Owner, LLC

United States Bankruptcy Court for the:

Southern District of TexasCase number (if known): 23-34815-H5-11 Chapter 11☐ Check if this is an amended filing

## Official Form 206G

**Schedule G: Executory Contracts and Unexpired Leases**

12/15

**Be as complete and accurate as possible. If more space is needed, copy and attach the additional page, numbering the entries consecutively.**

1. Does the debtor have any executory contracts or unexpired leases?

☐ No. Check this box and file this form with the court with the debtor's other schedules. There is nothing else to report on this form.☒ Yes. Fill in all of the information below even if the contracts or leases are listed on *Schedule A/B: Assets - Real and Personal Property* (Official Form 206A/B).

## 2. List all contracts and unexpired leases

State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease

2.1	State what the contract or lease is for and the nature of the debtor's interest	<u>Lease (tenant)- 2425 West Loop South LLC</u>	<u>2425 West Loop LLC dba Metwall Design Solutions LLC</u>
		<u>Contract to be ASSUMED</u>	<u>2425 West Loop S Ste 800</u>
	State the term remaining	<u>25 months</u>	<u>Houston, TX 77027-4214</u>
	List the contract number of any government contract	<u></u>	
2.2	State what the contract or lease is for and the nature of the debtor's interest	<u>Agreement</u>	<u>2425 WL, LLC</u>
		<u>Contract to be ASSUMED</u>	<u>13498 Pond Springs Rd</u>
	State the term remaining	<u>0 months</u>	<u>Austin, TX 78729-4422</u>
	List the contract number of any government contract	<u></u>	
2.3	State what the contract or lease is for and the nature of the debtor's interest	<u>Commercial lease</u>	<u>Bankable Equities</u>
		<u>Contract to be ASSUMED</u>	<u>2425 West Loop S Ste 600</u>
	State the term remaining	<u>57 months</u>	<u>Houston, TX 77027-4203</u>
	List the contract number of any government contract	<u></u>	
2.4	State what the contract or lease is for and the nature of the debtor's interest	<u>Commercial lease</u>	<u>Boho Lounge</u>
		<u>Contract to be ASSUMED</u>	<u>2425 West Loop S # 100</u>
	State the term remaining	<u>59 months</u>	<u>Houston, TX 77027-4205</u>
	List the contract number of any government contract	<u></u>	

Debtor Galleria 2425 Owner, LLC  
NameCase number (if known) 23-34815-H5-11**Additional Page if Debtor Has More Executory Contracts or Unexpired Leases**

Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.

**List all contracts and unexpired leases****State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease**

2.5	State what the contract or lease is for and the nature of the debtor's interest	<u>Property Insurance</u> <u>Contract to be ASSUMED</u>	<u>CNA Insurance Company</u> <u>PO Box BOX 74007619</u> <u>Chicago, IL 60674</u>
	State the term remaining	<u>0 months</u>	
	List the contract number of any government contract		
2.6	State what the contract or lease is for and the nature of the debtor's interest	<u>Lease (tenant)</u> <u>Contract to be ASSUMED</u>	<u>Eyebrows 4UTX LLC</u> <u>2425 West Loop S # 340b</u> <u>Houston, TX 77027-4205</u>
	State the term remaining	<u>12 months</u>	
	List the contract number of any government contract		
2.7	State what the contract or lease is for and the nature of the debtor's interest	<u>Liability Insurance</u>	<u>First Insurance Funding</u> <u>450 Skokie Blvd.</u> <u>Northbrook, IL 60062</u>
	State the term remaining	<u>0 months</u>	
	List the contract number of any government contract		
2.8	State what the contract or lease is for and the nature of the debtor's interest	<u>Lease (tenant)</u> <u>Contract to be ASSUMED</u>	<u>G3 Global Services LLC</u> <u>2425 West Loop S Ste 310</u> <u>Houston, TX 77027-4208</u>
	State the term remaining	<u>48 months</u>	
	List the contract number of any government contract		
2.9	State what the contract or lease is for and the nature of the debtor's interest	<u>lease(tenant)- 4th Floor</u> <u>Contract to be ASSUMED</u>	<u>Galloworks</u> <u>2425 West Loop S # 400</u> <u>Houston, TX 77027-4205</u>
	State the term remaining	<u>0 months</u>	
	List the contract number of any government contract		
2.10	State what the contract or lease is for and the nature of the debtor's interest	<u>Lease (tenant) -5h floor</u> <u>Contract to be ASSUMED</u>	<u>Galloworks</u> <u>2425 West Loop S # 400</u> <u>Houston, TX 77027-4205</u>
	State the term remaining	<u>96 months</u>	
	List the contract number of any government contract		



Debtor Galleria 2425 Owner, LLC  
NameCase number (if known) 23-34815-H5-11**Additional Page if Debtor Has More Executory Contracts or Unexpired Leases**

Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.

**List all contracts and unexpired leases****State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease**

2.11	State what the contract or lease is for and the nature of the debtor's interest	<u>Property Management Agreement</u>	<u>Jetall Companies Inc.</u>
		<u>Contract to be ASSUMED</u>	<u>2425 West Loop S Ste 1100</u>
	State the term remaining	<u>0 months</u>	<u>Houston, TX 77027-4210</u>
	List the contract number of any government contract	<u></u>	
2.12	State what the contract or lease is for and the nature of the debtor's interest	<u>Lease (tenant)</u>	<u>Jetall Companies Inc.</u>
		<u>Contract to be ASSUMED</u>	<u>2425 West Loop S Ste 1100</u>
	State the term remaining	<u>105 months</u>	<u>Houston, TX 77027-4210</u>
	List the contract number of any government contract	<u></u>	
2.13	State what the contract or lease is for and the nature of the debtor's interest	<u>Lease (tenant)</u>	<u>Kudrath Enterprises PLLC</u>
		<u>Contract to be ASSUMED</u>	<u>2425 West Loop S Ste 350</u>
	State the term remaining	<u>33 months</u>	<u>Houston, TX 77027-4208</u>
	List the contract number of any government contract	<u></u>	
2.14	State what the contract or lease is for and the nature of the debtor's interest	<u>Confidential settlement agreement</u>	<u>National Bank of Kuwait S.A.K.P.</u>
			<u>Charles C. Conrad Pillsbury Winthrop Shaw Pittsman, LLP</u>
	State the term remaining	<u>0 months</u>	<u>909 Fannin St, Ste 2000</u>
	List the contract number of any government contract	<u></u>	<u>Houston, TX 77010</u>
2.15	State what the contract or lease is for and the nature of the debtor's interest	<u>Lease (tenant)</u>	<u>Nationwide Investigations &amp; Security Inc</u>
		<u>Contract to be ASSUMED</u>	<u>2425 West Loop S Ste 300</u>
	State the term remaining	<u>8 months</u>	<u>Houston, TX 77027-4207</u>
	List the contract number of any government contract	<u></u>	
2.16	State what the contract or lease is for and the nature of the debtor's interest	<u>Commercial lease</u>	<u>Shah Sloan LLC</u>
		<u>Contract to be ASSUMED</u>	<u>2425 West Loop S 501, 503 and 523</u>
	State the term remaining	<u>114 months</u>	<u>Houston, TX 77027-4205</u>
	List the contract number of any government contract	<u></u>	

Debtor Galleria 2425 Owner, LLC  
NameCase number (if known) 23-34815-H5-11**Additional Page if Debtor Has More Executory Contracts or Unexpired Leases**

Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.

**List all contracts and unexpired leases****State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease**

2.17	State what the contract or lease is for and the nature of the debtor's interest	<u>Lease (tenant)-not moved in and not paid deposit - status uncertain</u>	<u>SIBS International Inc</u>
	State the term remaining	<u>120 months</u>	<u>2425 West Loop S # 900</u>
	List the contract number of any government contract		<u>Houston, TX 77027-4205</u>
2.18	State what the contract or lease is for and the nature of the debtor's interest	<u>Lease (tenant)</u>	<u>SprintCom Inc</u>
		<u>Contract to be ASSUMED</u>	<u>Rooftop</u>
	State the term remaining	<u>0 months</u>	
2.19	State what the contract or lease is for and the nature of the debtor's interest	<u>Lease (tenant)</u>	<u>St. Christopher Holdings GP LLC</u>
		<u>Contract to be ASSUMED</u>	<u>2425 West Loop S 700</u>
	State the term remaining	<u>120 months</u>	<u>Houston, TX 77027-4205</u>
2.20	State what the contract or lease is for and the nature of the debtor's interest	<u>Commerical lease</u>	<u>UL Therapy</u>
		<u>Contract to be ASSUMED</u>	<u>2425 West Loop S Ste 315</u>
	State the term remaining	<u>22 months</u>	<u>Houston, TX 77027-4211</u>
2.21	State what the contract or lease is for and the nature of the debtor's interest	<u>Lease (tenant)</u>	<u>Uptown Cosmetic and Implant Dentistry</u>
		<u>Contract to be ASSUMED</u>	<u>2425 West Loop S Ste 333</u>
	State the term remaining	<u>0 months</u>	<u>Houston, TX 77027-4211</u>
	List the contract number of any government contract		

Fill in this information to identify the case:

Debtor name Galleria 2425 Owner, LLCUnited States Bankruptcy Court for the: Southern District of Texas  
(State)Case number (If known): 23-34815-H5-11☐ Check if this is an amended filing

## Official Form 206H

**Schedule H: Codebtors**

12/15

Be as complete and accurate as possible. If more space is needed, copy the Additional Page, numbering the entries consecutively. Attach the Additional Page to this page.

## 1. Does the debtor have any codebtors?

- ☒ No. Check this box and submit this form to the court with the debtor's other schedules. Nothing else needs to be reported on this form.
- ☐ Yes

2. In Column 1, list as codebtors all of the people or entities who are also liable for any debts listed by the debtor in the schedules of creditors, **Schedules D-G**. Include all guarantors and co-obligors. In Column 2, identify the creditor to whom the debt is owed and each schedule on which the creditor is listed. If the codebtor is liable on a debt to more than one creditor, list each creditor separately in Column 2.

## Column 1: Codebtor

## Column 2: Creditor

## Name

## Mailing address

## Name

Check all schedules that apply:

2.1

Street

- ☐ D
- ☐ E/F
- ☐ G

City

State

ZIP Code

2.2

Street

- ☐ D
- ☐ E/F
- ☐ G

City

State

ZIP Code

2.3

Street

- ☐ D
- ☐ E/F
- ☐ G

City

State

ZIP Code

2.4

Street

- ☐ D
- ☐ E/F
- ☐ G

City

State

ZIP Code

2.5

Street

- ☐ D
- ☐ E/F
- ☐ G

City

State

ZIP Code

Debtor Galleria 2425 Owner, LLC  
Name

Case number (if known) 23-34815-H5-11

**Additional Page if Debtor Has More Codebtors**

Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.

Column 1: Codebtor		Column 2: Creditor	
Name	Mailing address	Name	Check all schedules that apply:
2.6	<div>Street</div> <div></div> <div>CityStateZIP Code</div>	<div></div> <div><input type="checkbox"/> D <input type="checkbox"/> E/F <input type="checkbox"/> G</div>	

Fill in this information to identify the case:

Debtor name Galleria 2425 Owner, LLCUnited States Bankruptcy Court for the:  
Southern District of TexasCase number (if known): 23-34815-H5-11 Chapter 11☐ Check if this is an amended filingOfficial Form 206Sum**Summary of Assets and Liabilities for Non-Individuals**

12/15

**Part 1: Summary of Assets**1. **Schedule A/B: Assets—Real and Personal Property** (Official Form 206A/B)1a. **Real Property:**Copy line 88 from *Schedule A/B*.....\$17,500,000.001b. **Total personal property:**Copy line 91A from *Schedule A/B*.....\$125,397.971c. **Total of all property:**Copy line 92 from *Schedule A/B*.....\$17,625,397.97**Part 2: Summary of Liabilities**2. **Schedule D: Creditors Who Have Claims Secured by Property** (Official Form 206D)Copy the total dollar amount listed in Column A, *Amount of claim*, from line 3 of *Schedule D*.....\$92,762,940.773. **Schedule E/F: Creditors Who Have Unsecured Claims** (Official Form 206E/F)3a. **Total claim amounts of priority unsecured claims:**Copy the total claims from Part 1 from line 5a of *Schedule E/F*.....\$0.003b. **Total amount of claims of non-priority amount of unsecured claims:**Copy the total of the amount of claims from Part 2 from line 5b of *Schedule E/F*.....**+** \$9,481,879.094. **Total liabilities**.....

Lines 2 + 3a + 3b

\$102,244,819.86

## Fill in this information to identify the case:

Debtor name Galleria 2425 Owner, LLC

United States Bankruptcy Court for the:

Southern District of TexasCase number (if known): 23-34815-H5-11☐ Check if this is an amended filing

## Official Form 207

**Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy** 04/22

The debtor must answer every question. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known).

**Part 1: Income****1. Gross revenue from business**☐ None

Identify the beginning and ending dates of the debtor's fiscal year, which may be a calendar year

**Sources of revenue**

Check all that apply

**Gross revenue**

(before deductions and exclusions)

From the beginning of the fiscal year to filing date:

From 01/01/2023 to Filing date  
MM/ DD/ YYYY☒ Operating a business\$856,837.58☐ Other \_\_\_\_\_

For prior year:

From 01/01/2022 to 12/31/2022  
MM/ DD/ YYYY MM/ DD/ YYYY☒ Operating a business\$875,514.69☐ Other \_\_\_\_\_

For the year before that:

From 01/01/2021 to 12/31/2021  
MM/ DD/ YYYY MM/ DD/ YYYY☒ Operating a business\$907,227.41☐ Other \_\_\_\_\_**2. Non-business revenue**

Include revenue regardless of whether that revenue is taxable. *Non-business income* may include interest, dividends, money collected from lawsuits, and royalties. List each source and the gross revenue for each separately. Do not include revenue listed in line 1.

☒ None**Description of sources of revenue****Gross revenue from each source**

(before deductions and exclusions)

From the beginning of the fiscal year to filing date:

From 01/01/2023 to Filing date  
MM/ DD/ YYYY

For prior year:

From 01/01/2022 to 12/31/2022  
MM/ DD/ YYYY MM/ DD/ YYYY

For the year before that:

From 01/01/2021 to 12/31/2021  
MM/ DD/ YYYY MM/ DD/ YYYY

Name

**Part 2: List Certain Transfers Made Before Filing for Bankruptcy****3. Certain payments or transfers to creditors within 90 days before filing this case**

List payments or transfers—including expense reimbursements—to any creditor, other than regular employee compensation, within 90 days before filing this case unless the aggregate value of all property transferred to that creditor is less than \$7,575. (This amount may be adjusted on 4/01/25 and every 3 years after that with respect to cases filed on or after the date of adjustment.)

☐ None

Creditor's name and address	Dates	Total amount or value	Reasons for payment or transfer Check all that apply
3.1. <u>See SOFA Exhibit 3</u> Creditor's name		<u>\$450,670.25</u>	<input type="checkbox"/> Secured debt <input type="checkbox"/> Unsecured loan repayments <input type="checkbox"/> Suppliers or vendors <input type="checkbox"/> Services <input checked="" type="checkbox"/> Other _____
Street			
City State ZIP Code			

**4. Payments or other transfers of property made within 1 year before filing this case that benefited any insider**

List payments or transfers, including expense reimbursements, made within 1 year before filing this case on debts owed to an insider or guaranteed or co-signed by an insider unless the aggregate value of all property transferred to or for the benefit of the insider is less than \$7,575. (This amount may be adjusted on 4/01/25 and every 3 years after that with respect to cases filed on or after the date of adjustment.) Do not include any payments listed in line 3. *Insiders* include officers, directors, and anyone in control of a corporate debtor and their relatives; general partners of a partnership debtor and their relatives; affiliates of the debtor and insiders of such affiliates; and any managing agent of the debtor. 11 U.S.C. § 101(31).

☐ None

Insider's name and address	Dates	Total amount or value	Reasons for payment or transfer
4.1. <u>See SOFA Exhibit 4</u> Creditor's name		<u>\$329,263.00</u>	
Street			
City State ZIP Code			
<b>Relationship to debtor</b>			
4.2. <u>Dward Darjean</u> Creditor's name	<u>01/06/2023</u>	<u>\$150.00</u>	<u>Reimbursement of expenses</u>
<u>2425 West Loop S Ste 1100</u> Street			
<u>Houston, TX 77027-4210</u> City State ZIP Code			
<b>Relationship to debtor</b>			
<u>Manager</u>			

Name

**5. Repossessions, foreclosures, and returns**

List all property of the debtor that was obtained by a creditor within 1 year before filing this case, including property repossessed by a creditor, sold at a foreclosure sale, transferred by a deed in lieu of foreclosure, or returned to the seller. Do not include property listed in line 6.

☒ None

Creditor's name and address	Description of the property	Date	Value of property
5.1. _____ Creditor's name  _____ Street  _____ City State ZIP Code	_____	_____	_____

**6. Setoffs**

List any creditor, including a bank or financial institution, that within 90 days before filing this case set off or otherwise took anything from an account of the debtor without permission or refused to make a payment at the debtor's direction from an account of the debtor because the debtor owed a debt.

☒ None

Creditor's name and address	Description of the action creditor took	Date action was taken	Amount
6.1. _____ Creditor's name  _____ Street  _____ City State ZIP Code	XXXX- _ _ _ _	_____	_____

**Part 3: Legal Actions or Assignments****7. Legal actions, administrative proceedings, court actions, executions, attachments, or governmental audits**

List the legal actions, proceedings, investigations, arbitrations, mediations, and audits by federal or state agencies in which the debtor was involved in any capacity—within 1 year before filing this case.

☐ None

Case title	Nature of case	Court or agency's name and address	Status of case
7.1. <u>Galleria 2425 Owner, LLC v.</u> National Bank of Kuwait, S.A.K.P.	<u>Claims including, but not limited</u> to, breach of duty, fraud, conspiracy, RICO, disparagement, breach of confidential settlement agreement, tortuous interference with contract, tortuous interference with business relationships, and other claims and causes of action	<u>281st Judicial District Court, Harris County,</u> Texas Name <u>201 Caroline St. 14th Fl.</u> Street  <u>Houston, TX 77002</u> City State ZIP Code	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
<b>Case number</b> <u>2021-63370</u>			



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Debtor Galleria 2425 Owner, LLC

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Case number (if known)

23-34815-H5-11

7.2.	Case title	Nature of case	Court or agency's name and address	Status of case
	Jetall Companies, 1001 WL, LLC, Galleria 2425 Owner LLC, BDFI LLC, Ali Choudri, Brad Parker and Assemah Zafeer v. Sonder USA, Inc,	Civil	61st Judicial District Court, Harris County, Texas Name 201 Caroline St. 9th Fl. Street	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
	Case number		Houston, TX 77002 City State ZIP Code	
	2021-09675			
7.3.	Case title	Nature of case	Court or agency's name and address	Status of case
	Galleria 2425 Owner LLC v National Bank of Kuwait S.A.K.P. a New York Branch and George M. Lee	Claims including, but not limited to, breach of duty, fraud, conspiracy, RICO, disparagement, breach of confidential settlement agreement, tortuous interference with contract, tortuous interference with business relationships, and other claims and causes of action	11th Judicial District Court, Harris County, Texas Name 201 Caroline St. 9th Floor Street	<input type="checkbox"/> Pending <input type="checkbox"/> On appeal <input checked="" type="checkbox"/> Concluded
	Case number		Houston, TX 77002 City State ZIP Code	
	2021-63370			
7.4.	Case title	Nature of case	Court or agency's name and address	Status of case
	George M. Lee v Galleria 2425 Owner, LLC	Civil	11th Judicial District Court, Harris County, Texas Name 201 Caroline St. 9th Floor Street	<input type="checkbox"/> Pending <input type="checkbox"/> On appeal <input checked="" type="checkbox"/> Concluded
	Case number		Houston, TX 77002 City State ZIP Code	
	2019-89764			
7.5.	Case title	Nature of case	Court or agency's name and address	Status of case
	Naissance Galleria, LLC vs National Bank of Kuwait, S.A.K.P.	Case filed by David Tang for Naissance Galleria- Breach of contract	129th Judicial District Court of Harris County Name 201 Caroline St 10th Floor Street	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
	Case number		Houston, TX 77002 City State ZIP Code	
	2023-41091			
7.6.	Case title	Nature of case	Court or agency's name and address	Status of case
	Naissance Galleria, LLC vs Brad Parker	Case filed by David Tang for Naissance Galleria- Breach of contract	157th Harris County District Court Name 201 Caroline St Street	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
	Case number		Houston, TX 77002-1901 City State ZIP Code	
	2023-39006			

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Debtor Galleria 2425 Owner, LLC

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Case number (if known)

23-34815-H5-11

7.7.	Case title	Nature of case	Court or agency's name and address	Status of case
	Galleria 2425 Owner LLC vs National Bank of Kuwait	Claims including, but not limited to, breach of duty, fraud, conspiracy, RICO, disparagement, breach of confidential settlement agreement, tortious interference with contract, tortious interference with business relationships, and other claims and causes of action	Federal Bankruptcy Court Name 515 Rusk St # 403 Street Houston, TX 77002-2600 City State ZIP Code	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
	Case number 2023-22748			

7.8.	Case title	Nature of case	Court or agency's name and address	Status of case
	Naissance Galleria LLC vs Zaheer	Case filed by David Tang for Naissance Galleria- Breach of contract; removed to federal bankruptcy court as adversary 23-03259.	80th Judicial District Court, Harris County, Texas Name 201 Caroline St. 9th Fl Street Houston, TX 77002 City State ZIP Code	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
	Case number 2023-43755			

**8. Assignments and receivership**

List any property in the hands of an assignee for the benefit of creditors during the 120 days before filing this case and any property in the hands of a receiver, custodian, or other court-appointed officer within 1 year before filing this case.

☒ None

8.1.	Custodian's name and address	Description of the property	Value
	Custodian's name Street City State ZIP Code	Case title Case number Date of order or assignment	Court name and address Name Street City State ZIP Code

**Part 4: Certain Gifts and Charitable Contributions****9. List all gifts or charitable contributions the debtor gave to a recipient within 2 years before filing this case unless the aggregate value of the gifts to that recipient is less than \$1,000**☒ None

Name

9.1. Recipient's name and address	Description of the gifts or contributions	Dates given	Value
Recipient's name			
Street			
City State ZIP Code			
Recipient's relationship to debtor			

**Part 5: Certain Losses****10. All losses from fire, theft, or other casualty within 1 year before filing this case.**☐ None

Description of the property lost and how the loss occurred	Amount of payments received for the loss If you have received payments to cover the loss, for example, from insurance, government compensation, or tort liability, list the total received. List unpaid claims on Official Form 106A/B (Schedule A/B: Assets – Real and Personal Property).	Date of loss	Value of property lost
10.1. September 2022	200,000	underground water leak	Loss value in excess of insurance

**Part 6: Certain Payments or Transfers****11. Payments related to bankruptcy**

List any payments of money or other transfers of property made by the debtor or person acting on behalf of the debtor within 1 year before the filing of this case to another person or entity, including attorneys, that the debtor consulted about debt consolidation or restructuring, seeking bankruptcy relief, or filing a bankruptcy case.

☐ None

11.1. Who was paid or who received the transfer?	If not money, describe any property transferred	Dates	Total amount or value
Hayward PLLC	Attorney Fees	07/03/2023	\$30,000.00
Address	Attorney Fees	11/08/2023	\$20,000.00
7600 Brunett Road, Ste 530			
Street			
Austin, TX 78757			
City State ZIP Code			
Email or website address			
mhayward@hayward.com			
Who made the payment, if not debtor?			

Name

11.2.	Who was paid or who received the transfer?	If not money, describe any property transferred	Dates	Total amount or value
	Baker & Associates	attorney fee	12/07/2023	\$20,000.00
	<b>Address</b> 950 Echo Lane, Suite 300 Street  Houston, TX 77024 City State ZIP Code			
	<b>Email or website address</b> courtdocs@bakerassociates.net			
	<b>Who made the payment, if not debtor?</b> 2401 Fountainview HO			

**12. Self-settled trusts of which the debtor is a beneficiary**

List any payments or transfers of property made by the debtor or a person acting on behalf of the debtor within 10 years before the filing of this case to a self-settled trust or similar device.

Do not include transfers already listed on this statement.

☒ None

12.1.	Name of trust or device	Describe any property transferred	Dates transfers were made	Total amount or value
	<b>Trustee</b>			

**13. Transfers not already listed on this statement**

List any transfers of money or other property—by sale, trade, or any other means—made by the debtor or a person acting on behalf of the debtor within 2 years before the filing of this case to another person, other than property transferred in the ordinary course of business or financial affairs. Include both outright transfers and transfers made as security. Do not include gifts or transfers previously listed on this statement.

☒ None

13.1.	Who received the transfer?	Description of property transferred or payments received or debts paid in exchange	Date transfer was made	Total amount or value
	<b>Address</b>  Street  City State ZIP Code			
	<b>Relationship to debtor</b>			

**Part 7: Previous Locations****14. Previous addresses**

List all previous addresses used by the debtor within 3 years before filing this case and the dates the addresses were used.

☒ Does not apply

Address	Dates of occupancy
14.1. _____ Street _____ _____ City State ZIP Code	From _____ To _____

**Part 8: Health Care Bankruptcies****15. Health Care bankruptcies**

Is the debtor primarily engaged in offering services and facilities for:

- diagnosing or treating injury, deformity, or disease, or
- providing any surgical, psychiatric, drug treatment, or obstetric care?

☒ No. Go to Part 9.☐ Yes. Fill in the information below.

Facility name and address	Nature of the business operation, including type of services the debtor provides	If debtor provides meals and housing, number of patients in debtor's care
15.1. _____ Facility name _____ Street _____ City State ZIP Code	_____ _____ Location where patient records are maintained (if different from facility address). If electronic, identify any service provider. _____ _____	_____ How are records kept? Check all that apply: <input type="checkbox"/> Electronically <input type="checkbox"/> Paper

**Part 9: Personally Identifiable Information****16. Does the debtor collect and retain personally identifiable information of customers?**☒ No.☐ Yes. State the nature of the information collected and retained. \_\_\_\_\_

Does the debtor have a privacy policy about that information?

☐ No☐ Yes**17. Within 6 years before filing this case, have any employees of the debtor been participants in any ERISA, 401(k), 403(b) or other pension or profit-sharing plan made available by the debtor as an employee benefit?**☒ No. Go to Part 10.

Name

☐ Yes. Does the debtor serve as plan administrator?☐ No. Go to Part 10.☐ Yes. Fill in below:

Name of plan

Employer identification number of the plan

EIN: \_ \_ - \_ \_ \_ \_ \_

Has the plan been terminated?

☐ No☐ Yes**Part 10: Certain Financial Accounts, Safe Deposit Boxes, and Storage Units****18. Closed financial accounts**

Within 1 year before filing this case, were any financial accounts or instruments held in the debtor's name, or for the debtor's benefit, closed, sold, moved, or transferred?

Include checking, savings, money market, or other financial accounts; certificates of deposit; and shares in banks, credit unions, brokerage houses, cooperatives, associations, and other financial institutions.

☒ None

Financial institution name and address	Last 4 digits of account number	Type of account	Date account was closed, sold, moved, or transferred	Last balance before closing or transfer
18.1 _____ Name _____ Street _____ City State ZIP Code	XXXX- _ _ _ _	<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money market <input type="checkbox"/> Brokerage <input type="checkbox"/> Other	_____	_____

**19. Safe deposit boxes**

List any safe deposit box or other depository for securities, cash, or other valuables the debtor now has or did have within 1 year before filing this case.

☒ None

Depository institution name and address	Names of anyone with access to it	Description of the contents	Does debtor still have it?
19.1 _____ Name _____ Street _____ City State ZIP Code	_____ _____ _____ Address _____ _____	_____ _____ _____ _____ _____	<input type="checkbox"/> No <input type="checkbox"/> Yes

**20. Off-premises storage**

List any property kept in storage units or warehouses within 1 year before filing this case. Do not include facilities that are in a part of a building in which the debtor does business.

☒ None

20.1	Facility name and address	Names of anyone with access to it	Description of the contents	Does debtor still have it?
	Name			<input type="checkbox"/> No
	Street			<input type="checkbox"/> Yes
	City	Address		
	State			
	ZIP Code			

**Part 11: Property the Debtor Holds or Controls That the Debtor Does Not Own****21. Property held for another**

List any property that the debtor holds or controls that another entity owns. Include any property borrowed from, being stored for, or held in trust. Do not list leased or rented property.

☒ None

Owner's name and address	Location of the property	Description of the property	Value
Name			
Street			
City			
State			
ZIP Code			

**Part 12: Details About Environmental Information**

For the purpose of Part 12, the following definitions apply:

- ☐ *Environmental law* means any statute or governmental regulation that concerns pollution, contamination, or hazardous material, regardless of the medium affected (air, land, water, or any other medium).
- ☐ *Site* means any location, facility, or property, including disposal sites, that the debtor now owns, operates, or utilizes or that the debtor formerly owned, operated, or utilized.
- ☐ *Hazardous material* means anything that an environmental law defines as hazardous or toxic, or describes as a pollutant, contaminant, or a similarly harmful substance.

Report all notices, releases, and proceedings known, regardless of when they occurred.

**22. Has the debtor been a party in any judicial or administrative proceeding under any environmental law? Include settlements and orders.**

☒ No

☐ Yes. Provide details below.

Case title	Court or agency name and address	Nature of the case	Status of case
Case number	Name		<input type="checkbox"/> Pending
	Street		<input type="checkbox"/> On appeal
	City		<input type="checkbox"/> Concluded
	State		
	ZIP Code		

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Debtor Galleria 2425 Owner, LLC

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Case number (if known) 23-34815-H5-11

**23. Has any governmental unit otherwise notified the debtor that the debtor may be liable or potentially liable under or in violation of an environmental law?**☒ No☐ Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
Name	Name		
Street	Street		
City State ZIP Code	City State ZIP Code		

**24. Has the debtor notified any governmental unit of any release of hazardous material?**☒ No☐ Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
Name	Name		
Street	Street		
City State ZIP Code	City State ZIP Code		

**Part 13: Details About the Debtor's Business or Connections to Any Business****25. Other businesses in which the debtor has or has had an interest**

List any business for which the debtor was an owner, partner, member, or otherwise a person in control within 6 years before filing this case. Include this information even if already listed in the Schedules.

☒ None

Business name and address	Describe the nature of the business	Employer Identification number Do not include Social Security number or ITIN.
25.1. Name		EIN: _ _ - _ _ _ _ _
Street		Dates business existed
City State ZIP Code		From _ _ _ _ _ To _ _ _ _ _

**26. Books, records, and financial statements**

26a. List all accountants and bookkeepers who maintained the debtor's books and records within 2 years before filing this case.

☐ None



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Debtor Galleria 2425 Owner, LLC

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Case number (if known)

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Name

**Name and address****Dates of service**26a.1. Scarlet MacGeorge - Jetall Companies Inc.

Name

2022-

From present

To \_\_\_\_\_

2425 West Loop S Ste 1100

Street

Houston, TX 77027-4210

City

State

ZIP Code

**Name and address****Dates of service**26a.2. Hines Property Management

Name

From 2019 - 2021

To \_\_\_\_\_

2800 Post Oak Blvd

Street

Houston, TX 77056

City

State

ZIP Code

**Name and address****Dates of service**26a.3. Michael Chang

Name

From 2021To 2022

Street

City

State

ZIP Code

26b. List all firms or individuals who have audited, compiled, or reviewed debtor's books of account and records or prepared a financial statement within 2 years before filing this case.

☐ None**Name and address****Dates of service**26b.1. Hines Property Management

Name

From 2019-2021

To \_\_\_\_\_

2800 Post Oak Blvd

Street

Houston, TX 77056

City

State

ZIP Code

**Name and address****Dates of service**26b.2. Scarlet McGeorge - Jetall Companies Inc.

Name

2022-

From present

To \_\_\_\_\_

2425 West Loop S Ste 1100

Street

Houston, TX 77027-4210

City

State

ZIP Code

26c. List all firms or individuals who were in possession of the debtor's books of account and records when this case is filed.

☐ None

Name

**Name and address****If any books of account and records are unavailable, explain why**

26c.1.

Scarlet McGeorge - Jetall Companies Inc.

Name

2425 West Loop S Ste 1100

Street

Houston, TX 77027-4210

City

State

ZIP Code

26d. List all financial institutions, creditors, and other parties, including mercantile and trade agencies, to whom the debtor issued a financial statement within 2 years before filing this case.

☒ None**Name and address**

26d.1.

Name

Street

City

State

ZIP Code

**27. Inventories**

Have any inventories of the debtor's property been taken within 2 years before filing this case?

☒ No☐ Yes. Give the details about the two most recent inventories.**Name of the person who supervised the taking of the inventory****Date of inventory****The dollar amount and basis (cost, market, or other basis) of each inventory****Name and address of the person who has possession of inventory records**

27.1.

Name

Street

City

State

ZIP Code

28. List the debtor's officers, directors, managing members, general partners, members in control, controlling shareholders, or other people in control of the debtor at the time of the filing of this case.

Name	Address	Position and nature of any interest	% of interest, if any
<u>Ali Choudhri</u>	<u>1001 West Loop South, Ste 700 Houston, TX 77027</u>	<u>Manager, Ownership of holding company</u>	<u>100.00%</u>
<u>Dward Darjeen</u>	<u>2425 West Loop S Ste 1100 Houston, TX 77027-4210</u>	<u>Manager.</u>	<u>0.00%</u>

29. Within 1 year before the filing of this case, did the debtor have officers, directors, managing members, general partners, members in control of the debtor, or shareholders in control of the debtor who no longer hold these positions?

☒ No☐ Yes. Identify below.

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Debtor Galleria 2425 Owner, LLC

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Case number (if known)

23-34815-H5-11

Name	Address	Position and nature of any interest	Period during which position or interest was held
------	---------	-------------------------------------	---

From \_\_\_\_\_  
To \_\_\_\_\_

**30. Payments, distributions, or withdrawals credited or given to insiders**

Within 1 year before filing this case, did the debtor provide an insider with value in any form, including salary, other compensation, draws, bonuses, loans, credits on loans, stock redemptions, and options exercised?

☐ No☒ Yes. Identify below.

Name and address of recipient	Amount of money or description and value of property	Dates	Reason for providing the value
-------------------------------	--	-------	--------------------------------

30.1. Dward Darjean \$150 01/06/2023 Expense reimbursement  
 Name \_\_\_\_\_  
2425 West Loop S Ste 1100  
 Street \_\_\_\_\_  
 \_\_\_\_\_  
Houston, TX 77027-4210  
 City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

Relationship to debtor  
 \_\_\_\_\_**31. Within 6 years before filing this case, has the debtor been a member of any consolidated group for tax purposes?**☐ No☒ Yes. Identify below.

Name of the parent corporation

Employer Identification number of the parent corporation

Galleria 2425 JV LLC

EIN: 8 2 - 5 2 0 0 9 3 2**32. Within 6 years before filing this case, has the debtor as an employer been responsible for contributing to a pension fund?**☒ No☐ Yes. Identify below.

Name of the pension fund

Employer Identification number of the pension fund

EIN: \_\_\_\_\_

**Part 14: Signature and Declaration**

**WARNING** -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

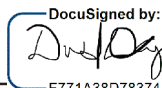
I have examined the information in this *Statement of Financial Affairs* and any attachments and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 12/22/2023  
MM/ DD/ YYYY

DocuSigned by:

X



F771A38D78374AE...

Printed name Dward Darjean

Signature of individual signing on behalf of the debtor

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Debtor Galleria 2425 Owner, LLC

Name

Case number (if known)

23-34815-H5-11

Position or relationship to debtor Manager

Are additional pages to *Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy* (Official Form 207) attached?

☒ No

☐ Yes

**2425 West Loop LLC dba  
Metwall Design Solutions LLC**

2425 West Loop S Ste 800  
Houston, TX 77027-4214

**2425 WL, LLC**

13498 Pond Springs Rd.  
Austin, TX 78729

**2425 WL, LLC**

60 West 2nd St.  
Freeport, NY 11746

**2425 WL, LLC**

13498 Pond Springs Rd  
Austin, TX 78729-4422

**ADT**

PO Box 382109  
Pittsburgh, PA 15251

**Ali Choudhri**

1001 West Loop South 700  
Houston, TX 77027

**Ash Automated Control  
Systems, LLC**

PO Box 1113  
Fulshear, TX 77441

**Bankable Equities**

2425 West Loop S Ste 600  
Houston, TX 77027-4203

**Boho Lounge**

2425 West Loop S # 100  
Houston, TX 77027-4205

**Caz Creek Lending**

118 Vintage Park Blvd No. W  
Houston, TX 77070

**CFI Mechanical, Inc**

6109 Brittmoore Rd  
Houston, TX 77041

**Cirro Electric**

PO Box 60004  
Dallas, TX 75266

**City of Houston**

Po Box 1560  
Houston, TX 77251-1560

**City of Houston Water  
Department**

PO Box 1560  
Houston, TX 77251

**CNA Insurance Co**

PO Box 74007619  
Chicago, IL 60674

**CNA Insurance Company**

PO Box BOX 74007619  
Chicago, IL 60674

**Comcast**

PO Box 60533  
City of Industry, CA 91716

**Datawatch Systems**

4520 East West Highway 200  
Bethesda, MD 20814

**Environmental Coalition Inc**

PO Box 1568  
Stafford, TX 77497

**Eyebrows 4UTX LLC**

2425 West Loop S # 340b  
Houston, TX 77027-4205

**Ferguson Facilities Supplies**

PO Box 200184  
San Antonio, TX 78220

**Firetron**

PO Box 1604  
Stafford, TX 77497

**First Insurance Funding**

450 Skokie Blvd  
Northbrook, IL 60062

**First Insurance Funding**

450 Skokie Blvd.  
Northbrook, IL 60062

**G3 Global Services LLC**

2425 West Loop S Ste 310  
Houston, TX 77027-4208

**Galloworks**

2425 West Loop S # 400  
Houston, TX 77027-4205

**Gulfstream Legal Group**

1300 Texas St  
Houston, TX 77002

**Hayward PLLC**

10501 N Central Expy Ste 106  
Dallas, TX 75231-2203

**HNB Construction, LLC**

521 Woodhaven  
Ingleside, TX 78362

**Houston Community College  
System**

c/o Tara Grundemeier  
Linebarger, Grogan, Blair & Sampson  
Po Box 3064  
Houston, TX 77253-3064

**Houston Independent School  
District**

P.O. Box 4668  
Houston, TX 77210

**Jetall Companies Inc.**

2425 West Loop S Ste 1100  
Houston, TX 77027-4210



**Kings 111 Emergency Communications**

751 Canyon Drive, Suite 100  
Coppell, TX 75019

**Kudrath Enterprises PLLC**

2425 West Loop S Ste 350  
Houston, TX 77027-4208

**Lexitas**

PO Box Box 734298 Dept 2012  
Dallas, TX 75373

**Linebarger Goggan & Blair**

P.O. Box 3064  
Houston, TX 77253

**Logix Fiber Networks**

PO Box 734120  
Dallas, TX 75373

**Metwall Design Solutions LLC**

10931 Day Rd  
Houston, TX 77043-4901

**Mueller Water Treatment**

1500 Sherwood Forest Dr.  
Houston, TX 77043

**National Bank of Kuwait**

299 Park Ave. 17th Floor  
New York, NY 10171

**National Bank of Kuwait**

Charles C. Conrad Pillsbury Winthrop  
Shaw Pittsman, LLP  
909 Fannin St, Ste 2000  
Houston, TX 77010

**National Bank of Kuwait  
S.A.K.P.**

Charles C. Conrad Pillsbury Winthrop  
Shaw Pittsman, LLP  
909 Fannin St, Ste 2000  
Houston, TX 77010

**Nationwide Investigations &  
Security Inc**

2425 West Loop S Ste 300  
Houston, TX 77027-4207

**Nationwide Security**

2425 W Loop S 300  
Houston, TX 77027

**Nichamoff Law Firm**

2444 Times Blvd 270  
Houston, TX 77005

**Shah Sloan LLC**

2425 West Loop S 501, 503 and 523  
Houston, TX 77027-4205

**SIBS International Inc**

2425 West Loop S # 900  
Houston, TX 77027-4205

**Smart Office Solutions**

6623 Theall Rd  
Houston, TX 77066-1213

**SprintCom Inc**

Rooftop

**St. Christopher Holdings GP  
LLC**

2425 West Loop S 700  
Houston, TX 77027-4205

**T&R Mechanical**

21710 White Oak Dr  
Conroe, TX 77306-8848

**TKE**

3100 Interstate North Cir SE 500  
Atlanta, GA 30339

**UL Therapy**

2425 West Loop S Ste 315  
Houston, TX 77027-4211

**Uptown Cosmetic and Implant  
Dentistry**

2425 West Loop S Ste 333  
Houston, TX 77027-4211

**Waste Management**

PO Box 660345  
Dallas, TX 75266

**Zindler Cleaning Service Co**

2450 Fondren 113  
Houston, TX 77063

Fill in this information to identify the case:

Debtor 1 Galleria 2425 Owner

Debtor2  
(Spouse, if filing)

United States Bankruptcy Court for the: \_\_\_\_\_ District of \_\_\_\_\_

Case number 23--34803-CLM

## Official Form 410

## Proof of Claim

12/15

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

### Part 1: Identify the Claim

1. Who is the current creditor?	<u>JETALL CAPITAL, LLC</u> Name of the current creditor (the person or entity to be paid for this claim)	
	Other names the creditor used with the debtor _____	
2. Has this claim been acquired from someone else?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____	
3. Where should notices and payments to the creditor be sent?  Federal Rule of Bankruptcy Procedure (FRBP) 2002(9)	Where should notices to the creditor be sent?  <u>JETALL</u> Name <u>1001 West Loop South, Suite 700</u> Number Street <u>HOUSTON TX 77027</u> City State ZIP Code  Contact phone <u>281.630.6627</u>  contact email <u>ALI@JETALLCOMPANIES.COM</u>	Where should payments to the creditor be sent? (if different)  _____ Name _____ Number Street _____ City State ZIP Code  Contact phone _____  Contact email _____
Uniform claim identifier for electronic payments in chapter 13 (if you use one): _____		
4. Does this claim amend one already filed?	No <input checked="" type="checkbox"/> Yes. Claim number on court claims registry (if known): --- Filed on _____ MM / DD / YYYY	
5. Do you know if anyone else has filed a proof of claim for this claim?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____	

## Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?	<input checked="" type="radio"/> <b>1</b> No <input type="radio"/> <b>0</b> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor:    _ _ _ _
7. How much is the claim? <u>\$1,699,750.00</u>	Does this amount include interest or other charges? <input type="radio"/> No <input checked="" type="radio"/> <b>D</b> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).
8. What is the basis of the claim?	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information.  <hr/>
9. Is all or part of the claim secured?	<input type="radio"/> <b>0</b> No <input checked="" type="radio"/> <b>D</b> Yes. The claim is secured by a lien on property.  Nature of property: <input checked="" type="radio"/> <b>D</b> Real estate. If the claim is secured by the debtor's principal residence, file a <i>Mortgage Proof of Claim Attachment</i> (Official Form 410 A) with this <i>Proof of Claim</i> . <input type="checkbox"/> <b>Motor vehicle</b> <input type="checkbox"/> <b>other.</b> Describe: _____  <hr/> Basis for perfection: _____ Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)  <div style="display: flex; justify-content: space-between;"> <div>Value of property: \$ _____</div> <div>Amount of the claim that is secured: \$ _____</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Amount of the claim that is unsecured: \$ _____</div> <div>(The sum of the secured and unsecured amounts should match the amount in line 7.)</div> </div> <div style="margin-top: 20px;">         Amount necessary to cure any default as of the date of the petition:    \$ _____       </div> <div style="margin-top: 20px;">         Annual Interest Rate (when case was filed) _____ %  <input type="radio"/> <b>0</b> Fixed  <input checked="" type="radio"/> <b>D</b> Variable       </div>
10. Is this claim based on a lease?	<input checked="" type="radio"/> <b>1</b> No <input type="radio"/> <b>D</b> Yes. Amount necessary to cure any default as of the date of the petition.    \$ _____
11. Is this claim subject to a right of setoff?	<input checked="" type="radio"/> <b>1</b> No <input type="radio"/> <b>0</b> Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

IB No

☒ Yes. Check one:

☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

☐ Up to \$2,775<sup>\*\*\*</sup> of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).

☐ Wages, salaries, or commissions (up to \$12,475<sup>\*\*\*</sup>) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).

☐ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).

☐ Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).

☐ Other. Specify subsection of 11 U.S.C. § 507(a) that applies.

Amount entitled to priority

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

<sup>\*\*\*</sup> Amounts are subject to adjustment on 4/01/16 and every 3 years after that for cases begun on or after the date of adjustment.

### Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b),

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

☒ I am the creditor.

☐ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 03/14/2024

MM / DD / YYYY

Signature

Print the name of the person who is completing and signing this claim:

Name ALI CHOUDHRI

First name

Middle name

Last name

Title

Company

Identify the corporate servicer as the company if the authorized agent is a servicer.

Address

1001 WEST LOOP SOUTH, SUITE 700

Number Street

HOUSTON, TEXAS 77027

City

State

ZIP Code

Contact phone

281.630.6627

Email

ALI@JETALLCOMPANIES.COM

1 UNITED STATES BANKRUPTCY COURT  
2 SOUTHERN DISTRICT OF TEXAS  
3 HOUSTON DIVISION

3 ) CASE NO:  
4 )  
4 GALLERIA 2425 OWNER, ) Houston, Texas  
5 )  
5 Debtor. ) Wednesday, January 31, 2024  
6 )  
6 ) 11:00 AM TO 4:31 PM  
-----)

8 TRIAL

9 BEFORE THE HONORABLE JEFFREY P. NORMAN  
10 UNITED STATES BANKRUPTCY JUDGE

11 APPEARANCES:

12 For Galleria 2425 REESE W. BAKER  
13 Owner: Baker & Associates  
13 950 Echo Lane, Suite 300  
Houston, TX 77024  
14  
15 For U.S. Trustee: JANA SMITH WHITWORTH  
15 United States Department Of Justice  
16 515 Rusk Street, Suite 3516  
Houston, TX 77002  
17  
17 For National Bank RYAN STEINBRUNNER  
18 of Kuwait: PATRICK FITZMAURICE  
CHARLES CLAYTON CONRAD  
19 Pillsbury Winthrop Shaw Pittman LLP  
909 Fannin, Suite 2000  
Houston, TX 77010  
20  
21 For 2425 WL, LLC: STEPHEN WAYNE SATHER  
Barron Newburger, PC  
22 7320 N. Mopac Expressway, Suite 400  
Austin, TX 78731  
23  
23 For 2425 West JAMES ROBERT MACNAUGHTON  
24 Loop, LLC: Porter & Powers, PLLC  
5900 Memorial Drive, Suite 305  
Houston, TX 77027  
25

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2 Courtroom Deputy: TRACEY CONRAD

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1        HOUSTON, TEXAS; WEDNESDAY, JANUARY 31, 2024; 11:00 A.M.

2                                (Call to Order)

3                CLERK: All rise. Please be seated.

4                THE COURT: Good morning. We're back on the  
5 record for Wednesday, January the 31st, 2024. There's one  
6 matter set at 11 a.m. That is Galleria 2425 Owner, LLC.  
7 Appearances, please.

8                MR. BAKER: Your Honor, Reese Baker on behalf of  
9 the Debtor, Galleria 2425 Owner.

10               THE COURT: Thank you, Mr. Baker.

11               MS. WHITWORTH: Jana Whitworth on behalf of the  
12 United States Trustee, Judge.

13               THE COURT: Thank you, Ms. Whitworth.

14               MR. FITZMAURICE: Good morning, Your Honor.  
15 Patrick Fitzmaurice and Ryan Steinbrunner from Pillsbury on  
16 behalf of the Debtor's secured creditor, National Bank of  
17 Kuwait.

18               THE COURT: Thank you.

19               MR. SATHER: Morning, Your Honor. Stephen Sather  
20 for 2425 WL, LLC, a creditor.

21               THE COURT: Thank you, sir. Take it there's going  
22 to be no one appearing by video today?

23               MR. SATHER: I'm not aware of anybody.

24               MR. FITZMAURICE: Same, Your Honor.

25               THE COURT: All right.

1           AUTOMATED VOICE: Conference muted.

2           THE COURT: Is there anyone on the line? I'm not  
3 logged on (indiscernible) an appearance?

4           CLERK: I don't know who Audrey Hornischer is.  
5 She was on video, but she didn't say anything and Ms.  
6 (indiscernible) is just listening in.

7           THE COURT: Let me (indiscernible) make sure  
8 there's no one else who wants to appear.

9           AUTOMATED VOICE: Conference unmuted.

10          THE COURT: I just unmuted the conference line in  
11 case there is anyone who wanted to make an appearance in  
12 this case, you know, talking specifically about Galleria  
13 2425 Owner LLC. I just terminated videos. I didn't think  
14 that anyone was going to appear remotely. Is there anyone  
15 on the line who wants to make an appearance?

16          MR. MacNAUGHTON: Robert MacNaughton, on behalf of  
17 2425 West Loop LLC, a tenant and party in interest.

18          THE COURT: All right, are you going to appear by  
19 video, sir, or are you listening in?

20          MR. MacNAUGHTON: Just listening in.

21          THE COURT: All right. That's fine. We're going  
22 to mute the telephone lines at this point in time. I'll  
23 note your appearance for the record.

24          MR. MacNAUGHTON: Thank you.

25          THE COURT: Thank you. Two matters before the

1 Court, an application to employ as well as the motion to  
2 convert. Mr. Baker, why don't you address your motions, the  
3 earlier of the two motions, and then I'll move on to the  
4 motion to convert. And again, an objection by the UST, if I  
5 remember correctly.

6 MR. BAKER: With regard -- excuse me, Your Honor --  
7 -- to the objection by the United States Trustee, they  
8 presented me with the form of an order. I have looked at  
9 it. I have just had a chance -- but I'm okay with the form  
10 that I can upload, if the Court does approve.

11 THE COURT: So --

12 MS. WHITWORTH: Do you want us at the podium,  
13 Judge, or --

14 THE COURT: Right now, that's fine.

15 MS. WHITWORTH: Okay. Your Honor, we -- I had  
16 talked to Mr. Baker and he has agreed to implement the  
17 revisions that we requested, so we would withdraw our  
18 limited object. We just were letting the Court know that we  
19 hadn't heard back and that (indiscernible) the entry of the  
20 order that was submitted.

21 THE COURT: So, can I just say that we'll submit  
22 an agreed order within 14 days on your motion to --  
23 application to the Court?

24 MR. BAKER: That's fine --

25 MR. FITZMAURICE: Your Honor, the National Bank of

1 Kuwait did file a limited objection.

2 THE COURT: Did?

3 MR. FITZMAURICE: We did.

4 THE COURT: Okay. So let's go ahead and address  
5 that objection now. Mr. Baker?

6 MR. BAKER: Your Honor, I am not -- they object  
7 because they say I'm have disclosed where I'm getting my  
8 funds from. I don't believe I have to disclose that.  
9 They're not from the Debtor. I can make that representation  
10 to the Court, and I am not planning on getting any  
11 compensation paid by the Debtor unless I submit a fee  
12 application. One of their objections is they don't agree to  
13 any funds being paid from the Debtor for my fees. That's  
14 fine. I have to present a fee application at that point in  
15 time. They can object to it. I'm not going to get any  
16 money from the Debtor unless I submit a request for a  
17 retainer or request to get paid. And so I don't -- my  
18 understanding is those are the two limited objections.

19 THE COURT: Mr. Fitzmaurice.

20 MR. FITZMAURICE: Thank you, Your Honor. With  
21 respect to the source of the funds, we think that the  
22 identity of the source of the funds is a necessary component  
23 to the application so that the Court can determine whether  
24 or not there is a conflict between whoever that is and the  
25 Debtor's interests. It's particularly important here where

1 the Debtor doesn't have any employees, doesn't have anyone  
2 who represents its own interests.

3 Every person that works for the Debtor that you're  
4 going to hear from today that has filed -- that has filed  
5 anything with the Court or that has signed any of the  
6 submissions that the Debtor has made to the Court, they all  
7 work for someone else and it may be that those parties have  
8 interests that are adverse to the interests of the estate.  
9 And without identifying who the source of that money is, the  
10 Court can't really determine and the parties in interest  
11 can't really determine whether or not there would -- whether  
12 or not there would be a conflict.

13 THE COURT: All right. Is that your entire  
14 objection at this point in time?

15 MR. FITZMAURICE: It is, Your Honor.

16 THE COURT: All right. Mr. Baker, if you want to  
17 be employed, you need to tell me where the funds came from.  
18 That simple.

19 MR. BAKER: All right.

20 THE COURT: All right? So if you want to file  
21 some sort of disclosure on the record, I'm happy after a  
22 suitable notice period to let anybody basically object based  
23 on that disclosure. I'll sign the order. But you need to  
24 make a disclosure. You need to make a complete disclosure  
25 of all your connections, and that includes who's paying you.

1 Okay?

2 MR. BAKER: That's fine. I'll do that.

3 THE COURT: Thank you. All right. So what I'll  
4 do is I will abate the application to employ until Mr. Baker  
5 makes some sort of disclosure who's paying him and then I'll  
6 send a response period and then I'll grant the motion or not  
7 grant motion after that response (indiscernible). All  
8 right. Mr. Fitzmaurice, it's your motion to convert,  
9 correct?

10 MR. FITZMAURICE: May I approach the podium, Your  
11 Honor?

12 THE COURT: You may.

13 MR. FITZMAURICE: Thank you.

14 THE COURT: And just so the parties are aware,  
15 (indiscernible). I want -- everyone needs to know that I  
16 have a flight to Laredo this afternoon because I'm in Laredo  
17 tomorrow. So, I'll let you go as long as I can then I'll  
18 cut you off, and we will this, but it'll be by video from,  
19 I'll be sitting in Laredo. Okay? Go ahead.

20 MR. FITZMAURICE: Just on that point, Your Honor,  
21 can you give us a sense as to when --

22 THE COURT: I need to be out of here by 12:30.

23 MR. FITZMAURICE: Okay. And then we would  
24 continue tomorrow by video?

25 THE COURT: (indiscernible).

1 MR. FITZMAURICE: Okay.

2 THE COURT: Okay?

3 MR. FITZMAURICE: So, tomorrow afternoon by video.

4 Thank you, Your Honor.

5 THE COURT: Thank you.

6 MR. FITZMAURICE: Your Honor, we're here now on  
7 the National Bank of Kuwait's motion to convert this case  
8 from a Chapter 11 case to one under Chapter 7. Our motion  
9 lays out several different grounds that are the basis of our  
10 motion, but I really want to focus on just two of them  
11 today. The first is the substantial continuing loss or  
12 diminution of the estate and the Debtor's inability to  
13 confirm a plan. And that's -- that last piece is both part  
14 of 1112(b)(2)(4)(A), but also an independent ground under  
15 Subsection M.

16 With respect to the loss and diminution of value  
17 of the estate, I think it's best exemplified by the Debtor's  
18 failure to pay taxes over the last five years. Debtor  
19 hasn't paid taxes -- it hasn't paid (indiscernible), taxes,  
20 property taxes for 2019, 2000, 2021, 2022, and I'll  
21 represent to Your Honor I looked this morning on the  
22 records. My colleague helped me figure out how to do that,  
23 the Harris County Assessor's Office, and it shows as of this  
24 morning that the 2023 taxes have not yet been paid.

25 For the 2019, 2020 taxes, the Debtor obtained tax



1     lien loans from the Caz Creek entity to pay off those taxes.  
2     The Debtor hasn't paid those loans. As far as we -- hasn't  
3     paid anything towards those loans. We haven't seen any  
4     evidence at all ever of any payment on account of those  
5     loans. Instead, what happened is the Debtor's principal,  
6     Mr. Choudhri, acquired those loans personally.

7             Now, you're going to hear from the Debtor with  
8     respect to the feasibility of the plan. You're going to  
9     hear from the Debtor about how, oh, there's money available  
10    from equity. All right, equity is going to contribute money  
11    and it's all going to be okay. But when you hear those --  
12    when you hear that argument, you know, I ask Your Honor to  
13    consider that the last time the Debtor had the opportunity,  
14    the last time equity had the opportunity, it decided to  
15    prefer itself over the interest of the Debtor.

16            Mr. Choudhri acquired those taxes in his own name.  
17    The Debtor has scheduled a claim for Mr. Choudhri of more  
18    than \$6 million. At the 341 meeting -- sorry, the schedule  
19    itself says those amounts reflect the tax payments. At the  
20    341 meeting, Mr. Choudhri testified that that's what that  
21    those amounts were for. The taxes for those years are about  
22    a million-six. Interest is a powerful thing, but that still  
23    -- it still seems like it would be off. I'm not sure how  
24    that 1.6 gets to 6 million. Perhaps, the testimony, you  
25    know, here today will be helpful in -- for us trying to

1 figure all of that out.

2 And this isn't the only time that we've seen the  
3 Debtor prefer equity over its own interests or over the  
4 interests of the estate and over creditors. Your Honor may  
5 recall that the Debtor filed the case in July. That case  
6 was heard by Judge Lopez. It was dismissed on November 1st.  
7 This case was filed on December 5th.

8 In the short period between November 1st and  
9 December 5th, the Debtor made, and they've scheduled it,  
10 \$118,000 in payments to Mr. Choudhri's company General,  
11 which they've -- we've heard is the manager of the property.  
12 There's no indication as to what those payments were for,  
13 but rather than pay third-party creditors, rather than pay  
14 amounts towards the tax liens, they instead pay themselves.

15 With respect to the 2021 taxes, those taxes were  
16 again satisfied by a loan from the Caz Creek entity. That  
17 entity has filed a claim. The claim indicates no amounts  
18 were paid and default interest on that loan accrues at 17  
19 percent.

20 Your Honor, we were here a month or so ago on the  
21 Debtor's utility motion and Your Honor heard Ms. MacGeorge  
22 testify about the Debtor's financial condition and how  
23 precarious it was and that the Debtor didn't have enough  
24 money to pay its bills. And one of the reasons for the  
25 relief that was sought in that motion was because utilities

1     hadn't been paid, needed to be paid, because the Debtor  
2     didn't have enough money. Well, at the same time the Debtor  
3     didn't have enough money to pay the utilities or any other  
4     creditors, they were paying Mr. Choudhri's company \$118,000.

5             As I said a moment ago, Your Honor, all of this is  
6     important for us to consider in connection with the motion  
7     to convert, because again, the Debtor has no employees.  
8     There is no person who is looking out for the Debtor's  
9     interests. Everyone works for an affiliated entity.  
10    Everyone works for either Jetall or one of the other  
11    businesses that Mr. Choudhri owns. You're going to hear  
12    testimony today, Your Honor, from Dward Darjean who is the  
13    manager of the -- who is the Debtor's manager. Manages the  
14    property. Signed the petition, signed the schedules and  
15    statements.

16            Mr. Darjean also works for Jetall. In the first  
17    Galleria case, he also signed Jetall's proof of claim. He  
18    also signed the proof of claim for the second lien lender,  
19    who's appearing here today, which entity is also owned by  
20    Mr. Choudhri. One of the reasons that the bank thinks the  
21    case should be converted to one under Chapter 7, is this  
22    estate is crying out for an adult in the room. It's crying  
23    out for an independent fiduciary who is only looking out --  
24    who has fiduciary duties to all creditors and is only  
25    looking out for other credit -- for the estate as a whole

1       rather than Mr. Choudhri and his interests.

2               With respect to the 2022 taxes -- again, focused  
3       on taxes for purposes of the loss and diminution of value in  
4       the estate. With respect to those taxes, they haven't been  
5       paid. The relevant taxing authorities have filed claims.  
6       The interest continues to accrue on those amounts. Interest  
7       has continued to accrue during the course of this case.  
8       That was being accrued during the first case as well and in  
9       the interim period when Jetall was taking on the entities.

10              The Debtors have made filings in this case and in  
11       the first bankruptcy case, profit and loss statements,  
12       financial projections, other financial information  
13       concerning the Debtor's performance year over year. Those  
14       statements are entirely consistent in two -- they are  
15       entirely consistent with each other in two ways. Number  
16       one, they show the Debtor's poor financial performance and  
17       that it is losing money. It has lost money all year long.

18              During the course of this bankruptcy case, it has  
19       lost money. Those records also show that the financial  
20       projections that the Debtor made in the first case, they've  
21       fallen way short. In the first case, the Debtor told Judge  
22       Lopez in October, November, and December, we're going to  
23       make more than \$200,000 in rental income. But the evidence  
24       shows they've fallen far, far short of that. And in  
25       December, the first month of this bankruptcy case, they

1 received basically half that amount.

2 I assume throughout the course of the hearing, the  
3 Debtor's going to present evidence of their expected future  
4 performance, and undoubtedly that expected future  
5 performance will be incredibly rosy. It's my experience and  
6 it might be Your Honor's as well, that real estate  
7 developers are the most optimistic people in the world.

8 THE COURT: Debtor (indiscernible).

9 MR. FITZMAURICE: And when I -- when Your Honor  
10 hears that evidence, I think Your Honor needs to consider --  
11 and we would, you know, submit that Your Honor should  
12 consider what has happened in the last few months. The  
13 Debtor have consistently put forward financial projections.  
14 They have consistently failed to meet them. And what's more  
15 important with respect to the projections that are being put  
16 forward now, is there is literally no evidence of them.

17 Your Honor, in the materials that have been  
18 submitted, we use as exhibits in the hearing today, there is  
19 one lease for one tenant. I think it's Mr. McDonald's  
20 tenant, who's on the line. The lease does not call for  
21 \$500,000 in rent that the Debtor is saying in April just a  
22 few short months away, that's how much they're going to  
23 make.

24 There is no evidence to support any of that.  
25 There are no leases. There are no letters of intent. There

1     were no commitments. There is no evidence of any kind that  
2     the Debtor is going to be able to make these incredible  
3     realty financial projections that it has been failing to  
4     make for the last several months.

5             I would suggest, Your Honor, the Debtor's entire  
6     plan -- I don't mean that the plan within the bankruptcy  
7     context, but the business plan, relies on its, you know,  
8     asserted ability to somehow strip, cram down, subordinate,  
9     eliminate the claim of the National Bank of Kuwait on  
10    account of the Debtor's loan, the loan the bank made to the  
11    Debtor.

12            And the response is littered with information  
13    concerning these supposed (indiscernible). Three points,  
14    Your Honor. First, there is a settlement agreement between  
15    parties. Anything that happened before that, those claims  
16    have been released, they've been waived, and any lawsuits  
17    were dismissed with prejudice. First.

18            Second, any claims that postdate the settlement,  
19    the Debtor's counsel stood up in front of the state court  
20    after the -- back in -- they had failed to comply with their  
21    obligations of the settlement agreement. The bank posted  
22    the property for foreclosure, once the payment date had  
23    lapsed. They filed an application in front of the state  
24    court judge, in front of Judge Weems in Harris County and  
25    Debtor's counsel stood up and said, Judge, I'm representing

1 to you as an officer of the Court, if we get some more time  
2 to comply with our obligations under the settlement  
3 agreement, if we get 60 more days, all of our claims, all of  
4 our problems, all of our issues, they are all resolved.  
5 Judge Weems, over our objection, gave them that additional  
6 time and said to the Debtor, I'll give you the time that you  
7 want, maybe more time, frankly, than 60 days that counsel  
8 asked for, on the condition that you make monthly payments,  
9 \$80,000.

10 They made the first two. They didn't make the  
11 third one. Filed the property, posted the property for  
12 foreclosure. Another TRO, denied, led to the first  
13 bankruptcy case. That case was dismissed. Another round of  
14 temporary injunction requests, litigation throughout the  
15 state court system. When all of those were denied, second  
16 bankruptcy.

17 So, Your Honor, any claims that the Debtor has  
18 against the bank have been waived, released, discharged.  
19 They don't exist. But if somehow they do, if somehow they  
20 have survived, isn't that exactly the job of a Chapter 7  
21 Trustee, to investigate those claims, to bring them if it's  
22 appropriate, to find financing for them? I mean, if these  
23 claims -- if these claims were so great, there would be  
24 lawyers lining up to take them on a contingency fee basis  
25 against them -- against the Debtor.

1           The bank welcomes the Chapter 7 Trustee's  
2     investigation. We're happy to talk to the Chapter 7  
3     Trustee, share what we know about the claims, and that  
4     independent fiduciary who was acting for the benefit of all  
5     creditors, all stakeholders, can make the termination, do  
6     those claims have merit or do they not, and proceed on that  
7     basis. That, Your Honor, is how we think this case should  
8     proceed.

9           THE COURT: Thank you, sir. Mr. Baker.

10          MR. BAKER: Your Honor, to start off, the Debtor  
11     is agreeable to having a chief restructuring officer  
12     appointed by this Court. Debtor would like a period of time  
13     to interview and come up with one. I've already talked to  
14     Drew McManigle. He had a conflict. I've talked to him  
15     (indiscernible) person in Austin. I put some emails out  
16     after some conversations with Ms. Whitworth yesterday. Just  
17     some recommendations she had (indiscernible). Debtor is  
18     willing to get a chief restructuring officer put in place  
19     and will move forward on that as promptly as possible.

20          So try to eliminate the concerns that I think --  
21     that have been raised, although I don't think they're  
22     correct, but we would like somebody else to be able to come  
23     in and say that.

24          Now, let me go back. With regard to the taxes,  
25     it's interesting. The taxing authorities have already filed



1 claims in this case. They're really only (indiscernible)  
2 filed. They have filed claims for '22 and '23. No other  
3 years. (indiscernible) claims. Well, he correctly stated  
4 that Mr. Choudhri bought the '20 and '21 taxes liens. They  
5 were conveyed to the National Bank of Kuwait. What he  
6 failed to tell you is that the National Bank of Kuwait today  
7 right now as we stand here, unless he's going to say the  
8 settlement agreement is not effective and they've got to  
9 give it back to us, they have legal title to the tax lien.

10 Okay? Already paid. Okay, so the only claim  
11 taxes outstanding right now, are the '22 and '23, based upon  
12 the claim. Yes, the Debtor went in and got some tax lien  
13 loans. Those were a direct result of the actions of the  
14 National Bank of Kuwait. Now, the other thing he failed to  
15 tell you is that yes, the Debtor was given more time last  
16 year to put together a plan to buy it out. The Debtor had  
17 two people, two entities, that were willing to fund the  
18 plan. They needed documents for the National Bank of  
19 Kuwait.

20 On the Thursday night before the foreclosure, it  
21 was on July 4th -- actually was on July 5th -- they get an  
22 email saying we'll get these documents to you the next day.  
23 So, the Friday before the foreclosure is the first time, the  
24 first time that the National Bank of Kuwait complied with  
25 this agreement to give to the Debtor loan documents to buy

1 the loan. Well, just surprise, surprise, the lender said,  
2 we don't have enough time. This is July 4th weekend. We  
3 can't get this done that quickly. But they were available.  
4 They went to a mediation later on in July. There was  
5 another person that was willing to pay the bank off. The  
6 bank has refused to take any of this and to cooperate in any  
7 form or fashion.

8 What you're going to also hear is testimony that  
9 the National Bank of Kuwait refused to approve any leases at  
10 all, even though they've been sent to the National Bank of  
11 Kuwait. They gave an oral approval to this company called  
12 Sonder that was going to take one or two floors, and then  
13 when the Debtor went back and tried to get some tenant  
14 improvements, the National Bank of Kuwait came back, oh, you  
15 didn't get that approval in writing, so you're in default.  
16 That's how they started off posting the property for  
17 default. They gave him an oral approval, then they said,  
18 oh, well, that wasn't in writing.

19 Okay. Now, the Debtor has got -- the Debtor has  
20 done a remarkable job, which you'll hear in his testimony  
21 that the building right now has leases for about 70 percent  
22 of the building. Okay? The tenants are not all payment  
23 because they are tenant improvements, rent concessions.  
24 They're involved in the actual payment of rent.

25 The monthly operating report, we submitted it,

1 does have it, but the tenant improvements and the rent  
2 concessions are going to fall out after three to six to nine  
3 months over a period of time, different ones. Plus, Mr.  
4 Choudhri has got another prospective tenant, Regis, which  
5 wants to come in and take two floors. Another prospective  
6 tenant which is a -- it's a group involved with the Dole  
7 pineapple, Dole family, that wants to take another floor or  
8 at least a significant part of it.

9           They have got -- he's done an incredible job of  
10 getting this building leased. He took -- he bought the  
11 building. His company bought the building when Blue Cross  
12 Blue Shield was in. It was in -- the building was in very  
13 bad shape. It was built about 40 years ago by IMK, one of  
14 the two buildings in Houston was designed by IMK. He bought  
15 it. Blue Cross moved out, almost an empty building.

16           He got the building back up to 91.5 percent  
17 occupancy. Okay. Unfortunately, Stage Stores was in there,  
18 had a large part of it. They filed bankruptcy. He tried to  
19 buy the company out of bankruptcy. Was not able to, but  
20 Stage Stores moved completely out. He's now got the  
21 building back. Okay? And with regard to the claims out  
22 there, we do have some potential attorneys up in Dallas that  
23 are willing to take it on a contingency basis. Haven't  
24 finalized it yet, but a conversion of this case to Chapter 7  
25 makes no sense.

1                   Who benefits? The National Bank of Kuwait.  
2           They're the only ones that benefit. What's going to happen,  
3           the Chapter 7 Trustee's going to (indiscernible) the  
4           property back to the National Bank of Kuwait. They're going  
5           to want to sell the claims. They're not going to pursue  
6           them. They'll want to sell. And this Court's well aware of  
7           people who come in and make offers.

8                   We think that at this point in time, putting a  
9           chief restructuring officer in place, we can address all  
10          these issues (indiscernible), can help dramatically and put  
11          in place a system where you got an independent fiduciary  
12          overlooking all these things, being able to report back to  
13          the Court and give the Debtor a chance to do this because  
14          what the National Bank of Kuwait has done -- and I'm pretty  
15          astounded at the things they have done in this case over the  
16          last couple of years to try to get this property back.

17                  They haven't tried to cooperate with the Debtor.  
18          They've taken every step to try to get a foreclosure going.  
19          If they had really wanted to try to settle this thing, when  
20          the deal -- when the Debtor was given an additional 90 days  
21          in March or April, the Debtor started making requests for  
22          the loan documents so they could sell the loan and get  
23          somebody to take it over. They made the request for three  
24          months.

25                  They got a draft of a document the Friday before

1 foreclosure, and even said it was subject to the approval of  
2 the National Bank of Kuwait. That kind of lender putting  
3 millions and millions and millions of dollars in over the  
4 (indiscernible). So, Your Honor, we don't think it's a  
5 benefit to anybody at all but the National Bank of Kuwait,  
6 because that helps get them out of the litigation.

7 We think that they should be extremely concerned  
8 about the litigation that's going on, because of the bad  
9 things they've done. And so we have agreed to move forward  
10 to get a chief restructuring officer put in place. We got a  
11 plan. Projections are going to get put on the plan. We've  
12 got the -- Mr. Norris who has looked at all the financial  
13 projections who can testify that based on his review of all  
14 the financial information, there's plenty of money to make  
15 this plan work. We can put together a confirmable plan.

16 We ask you deny the motion (indiscernible), Your  
17 Honor. Thank you.

18 THE COURT: All right. Mr. Fitzmaurice, you have  
19 a witness to call? You want to make --

20 MR. SATHER: May I, Your Honor?

21 THE COURT: Sure, go ahead.

22 MR. SATHER: Stephen Sather for 2425 WL, LLC. You  
23 know, it's a nice building. I can see why the bank would  
24 like to own it. But what we're looking at, the remedy  
25 requested of conversion to Chapter 7, does not ensure that

1     there is a "responsible adult in the room" running things,  
2     because Chapter 7 Trustees don't operate office buildings,  
3     and given the fact that the bank has an appraisal showing  
4     that they are under secured, a Trustee would not operate  
5     that building. And so, if we are wanting to keep the  
6     company operating, we need to remain in Chapter 11.

7             And with the ad valorem taxes, there is a discreet  
8     amount that is accruing in interest every month that can be  
9     -- provide the adequate protection for, and with respect to  
10    the fact that they didn't pay the '23 taxes, they're  
11    prepetition taxes. They couldn't pay them after the case  
12    was filed.

13            You know, this is a case where there's been a plan  
14    filed in less than 60 days. The appropriate remedy is to  
15    accept Mr. Baker's suggestion of employing a chief  
16    restructuring officer and giving him as much power as  
17    necessary, letting the plan process play out.

18            THE COURT: Ms. Whitworth.

19            MS. WHITWORTH: Thank you, Judge Norman. Jana  
20    Whitworth on behalf of the United States Trustee. Your  
21    Honor, my instructions from my client are to listen and  
22    learn today. I will let the Court know that the Trustee is  
23    very, very concerned about the appearance of a fiduciary --  
24    independent fiduciary on behalf of the Debtor. There's  
25    money flowing through all the different entities that are

1 it's not been explained. I've been working with Mr. Baker  
2 to get documents. I'm still waiting on an accounting on  
3 property management company who also happens to be a tenant.

4 The other issue that my client is concerned about  
5 is feasibility. If you look at the numbers, the Debtor  
6 testified and the schedules reflect the value of this  
7 property is \$18 million more or less at this point. Based  
8 upon the documents that are on file from this case and the  
9 case before, you've got secured claims totaling over \$67  
10 million and insider claims of \$34 million.

11 So, we have questions about that and we're not  
12 taking a position at the beginning of testimony, but I did  
13 want to make an opening to let the Court know what my  
14 client's biggest concerns --

15 THE COURT: Ms. Whitworth, I would say this. You  
16 probably know more about the case at this juncture than I  
17 do, so hopefully by the end of evidence, you'll be able to  
18 make that recommendation. Thank you.

19 MS. WHITWORTH: Thank you, Your Honor.

20 THE COURT: Anyone else want to say anything? All  
21 right. Mr. Fitzmaurice, call your first witness.

22 MR. FITZMAURICE: Thank you, Your Honor. National  
23 Bank of Kuwait calls Dward Darjeon.

24 THE COURT: Mr. Darjeon, you want to come forward,  
25 please? Come to the podium, sir. I'll swear you in. Want

1 to make sure you correctly -- giving the correct spelling of  
2 your name. Please raise -- stand in front of the microphone  
3 right there. Please raise your right hand. Do you swear or  
4 affirm to tell the truth, the whole truth, and nothing but  
5 the truth, so help you God?

6 THE WITNESS: Yes.

7 THE COURT: All right. Spell your name for the  
8 record, sir.

9 THE WITNESS: D-W-A-R-D, last name, D-A-R-J-E-A-N.

10 THE COURT: Thank you very much. Please be  
11 seated. Mr. Fitzmaurice, you can begin your examination.

12 MR. FITZMAURICE: Thank you, Your Honor.

13 THE COURT: Are you going to be projecting from  
14 that podium?

15 MR. FITZMAURICE: Your Honor, I understood that  
16 Your Honor controls.

17 THE COURT: I do, but I just wanted to turn on, if  
18 you want to project from over there.

19 MR. FITZMAURICE: I'm happy just to --

20 THE COURT: Okay, fine. Go ahead.

21 MR. FITZMAURICE: Thank you, Your Honor.

22 THE COURT: (indiscernible).

23 MR. FITZMAURICE: Thank you, Your Honor.

24 DIRECT EXAMINATION OF DWARD DARJEAN

25 BY MR. FITZMAURICE:



1 Q Good morning, Mr. Darjean.

2 A Good morning.

3 Q Do you have a position with the Debtor, sir?

4 A Yes.

5 Q Are you the manager?

6 A Yes.

7 Q Are you the property manager for the property located  
8 at 2425 West Loop South?

9 A Yes, sir

10 Q Is there a difference, in your mind, between being the  
11 manager of the property and being the manager of an entity  
12 that owns the property?

13 A I would say yes.

14 Q And what is that difference?

15 A Being a property manager is more hands on. Being the  
16 manager and the representation of the Debtor is a higher  
17 level. That's my best explanation.

18 Q Thank you, sir. As the manager of the debtor, do you  
19 have any specific duties and responsibilities?

20 A I don't -- I can give examples, yes or no, if you have  
21 any specific scenarios for me.

22 Q Well, you work for the Debtor? Are you employed by the  
23 Debtor?

24 A No, sir.

25 Q You're employed by Jetall, right?

1 A Correct.

2 Q And that's the Mr. Choudhri's company?

3 A Correct.

4 Q And on behalf of Jetall, you do some work at the  
5 Debtor's property, right?

6 A Correct.

7 Q And then you do some work at other properties that  
8 Jetall manages that are owned by Mr. Choudhri?

9 A Correct.

10 Q You agree -- would you agree with me that you actually  
11 work for Mr. Choudhri?

12 A Yes.

13 Q You signed the Debtor's petition in this case, correct?

14 A Yes.

15 Q And you signed the schedules and statement of financial  
16 affairs that are filed here?

17 A Yes.

18 Q Okay. And you also filed a proof of claim that Jetall  
19 -- you also signed, excuse me, the proof of claim that  
20 Jetall filed in the first bankruptcy case, right?

21 A Yes. I think -- yes.

22 Q And you also signed the proof of claim for 2425 WL LLC  
23 entity, the second lien lender in the first case, right?

24 A In the first case, that was months ago. If I take a  
25 look at it, I can verify if I did.

1 MR. FITZMAURICE: Your Honor, this should be  
2 Document 87-17.

3 THE COURT: Generally, I don't present your  
4 exhibits. I'll do it for you this time, but next time, you  
5 need to present them yourself.

6 MR. FITZMAURICE: I apologize, Your Honor. I  
7 misunderstood how the -- what the procedure was. I  
8 understood that there was -- that the Court controls --

9 THE COURT: No.

10 MR. FITZMAURICE: -- the exhibits.

11 THE COURT: 87, what? Eighteen?

12 MR. FITZMAURICE: 87-17.

13 BY MR. FITZMAURICE:

14 Q Sir, do you see in front of you the proof of claim for  
15 2425 WL LLC?

16 A Yes.

17 Q And you see your name on there where it says -- where,  
18 your name down there at the bottom as the person signing on  
19 behalf of the entity?

20 A Yes.

21 Q Okay. How much time do you spend at each of the  
22 various properties that you manage?

23 A This particular, 2425, the past few months I've been  
24 spending about 70 to 75 percent of my time there.

25 Q How about prior to that?

1 A Prior to that, it was a little less.

2 Q Do you recall telling me when you testified in the  
3 first case that you spent about a third of your time at 2425  
4 and a third of each of the other two properties that you --

5 A Yes, sir. Yes. That's what I just -- yes.

6 Q And that was in September, right?

7 A I believe so, yes.

8 Q Okay. How do you avoid conflicts in your job between  
9 various entities that you work for, various properties that  
10 you manage?

11 A We never had any issues.

12 Q How do you know that the amount Jetall asserted as a --  
13 in its proof of claim was the right amount?

14 A I looked at some documents and that was my best guess  
15 that it was correct.

16 Q Your best guess that it was correct? What documents  
17 did you look at?

18 A In the first bankruptcy, whatever was submitted. I  
19 looked at all those documents.

20 Q What documents did you look at to satisfy yourself that  
21 Jetall was owed \$2.4 million by the Debtor?

22 A There were just discussions about where that dollar  
23 amount came from.

24 Q Discussions with who?

25 A The attorney back then, Mrs. Hayward.

1 Q Ms. Hayward?

2 A Correct.

3 Q Do you have any idea Ms. Hayward knew what the right  
4 amount was of the Jetall claim?

5 A We spent a lot of time going over everything.

6 Q Well, that's what I'm trying to figure out, sir.

7 What's the "everything"? What are the things that you went  
8 over to determine in your own mind on behalf of Jetall that  
9 \$2.4 million claims was appropriate?

10 A All of the financials, all of the projections and  
11 everything. We worked hand in hand with Mrs. Woodward --  
12 I'm sorry, Mrs. Hayward.

13 Q You can't identify for me a single document that you  
14 reviewed that supports the \$2.4 million claim, can you?

15 A It was a few months ago. I mean -- I'm sorry.

16 Q In this case, the Debtor scheduled a claim for Jetall,  
17 right?

18 A Can you repeat?

19 Q Sure. In this case, the Debtor's schedules include a  
20 claim for Jetall, correct?

21 A I believe so, yes.

22 Q Okay. So what'd you do to satisfy yourself that that  
23 claim was valid?

24 A Basically same process with Mr. Baker.

25 Q. So, you convinced yourself on behalf of Jetall that

1 \$2.4 million was the right claim when you filed it in the  
2 first case. And then you convinced yourself on behalf of  
3 the Debtor that \$2.4 million was the right amount to  
4 schedule in this case?

5 A I don't really understand that question as far as me  
6 convincing myself.

7 Q Sure.

8 A I don't want to say anything inappropriate.

9 Q No, I understand. I definitely don't want that either,  
10 sir. When you filed the proof of claim, the claim is filed  
11 under penalty of perjury, correct?

12 A Correct.

13 Q All right, so you've got to satisfy yourself that the  
14 \$2.4 million claim you file on Jetall's behalf was in fact  
15 appropriate, right?

16 A Yes.

17 Q And you did something to convince yourself that that  
18 was the case, right?

19 A Like I testified, yes.

20 Q Okay. And the schedules that that the Debtor filed  
21 that you signed are also signed under penalty of perjury,  
22 correct?

23 A Yes.

24 Q Okay. And you did something, again, to convince  
25 yourself that you could actually make that determination

1 under penalty of perjury, that this claim was in fact a  
2 valid claim that Jetall had against the estate, correct?

3 A With the assistance of counsel, yes.

4 Q Okay. And what I'm trying to figure out is, was there  
5 different information that you looked at on behalf of Jetall  
6 than the information that you looked at on behalf of the  
7 Debtor?

8 A I don't remember exactly. Like I said, the first case  
9 was months ago and I never really drew a correlation between  
10 the first case and this case. We just sat down with the  
11 attorneys, single process. But if I did the exact same  
12 thing or something different, I don't recall.

13 Q You understand that Jetall received \$118,000 from the  
14 Debtor in November 2023, right?

15 A I believe that's true and correct, but I don't handle  
16 the finances myself. So it's not a transaction that I  
17 personally witnessed or had anything to do with.

18 Q Well, but you signed the Debtor's statement of  
19 financial --

20 A Correct.

21 Q -- affairs.

22 A Correct.

23 Q Which includes those payments.

24 A Correct.

25 Q Who approved those payments on behalf of the Debtor?

1 A We have an in-house bookkeeper perhaps, but she works a  
2 similar capacity as I do for Jetall.

3 Q Right, so she also works for Jetall?

4 A Correct.

5 Q Right, so Jetall approved the payments to itself?

6 A I don't have the answer specifically for that.

7 Q And can you tell me who, looking out solely for the  
8 Debtor's interest, approved the payments to Jetall?

9 A I wasn't involved in that.

10 Q Is there any person that you know who looks out solely  
11 for the Debtor's interest?

12 A Specifically what type of interest for the Debtor?

13 Q Is there any person who is only interested in  
14 protecting the Debtor's interest as opposed to someone who  
15 also works for Jetall or the second lien lender or at one of  
16 Mr. Choudhri's other properties?

17 A Mr. Choudhri.

18 Q Mr. Choudhri works at -- he owns Jetall, right?

19 A Yeah, but you were asking about the Debtor's interest.  
20 Mr. Choudhri looks out for the Debtor's interest.

21 Q But he also owns Jetall, correct?

22 A Yes.

23 Q And he also ultimately owns the other properties that  
24 you work at for Jetall, correct?

25 A Yes.



1 Q And he also ultimately owns the 2425, the second lender  
2 as well, correct?

3 A That's a little complicated. I think there was some  
4 testimony as far as ownership, but -- yeah, I don't want to  
5 misspeak.

6 Q As far as you know, who owns the second lien lender?

7 A I would say that the organizational chart that was  
8 submitted in this case would be correct.

9 Q So, I want to make sure that -- I think we're talking  
10 past each other, and I just want to make sure. I apologize  
11 for asking bad questions. Gallery 2425 Owner LLC is the  
12 Debtor here, correct?

13 A Yes.

14 Q That entity is owned by the JV entity, correct?

15 A I believe so, but -- yeah, the organizational chart  
16 reflects it.

17 Q So, I am not talking about that.

18 A Okay.

19 Q I am talking about the prior owner of the building that  
20 sold the building to the Debtor and that has a second lien  
21 loan on the property.

22 A Yes, that's represented, I believe, by Mr. Sather.

23 Q Exactly right. That's the entity that I'm talking  
24 about.

25 A Okay.

1 Q And so my question is, who owns that entity?

2 A I -- legally, I don't know if I could make a conclusion  
3 about that.

4 Q You filed a proof of claim on that entity's behalf,  
5 right?

6 A Yes, sir.

7 Q We just looked at that, right? And you don't know  
8 who's in charge?

9 A I -- it was the organizational chart that was  
10 submitted. I agree with the organizational chart.

11 Q Okay, but this entity is not in the organizational  
12 chart, right, because it's not part of the Debtor's  
13 ownership structure, right? This is an entity that sold the  
14 building to the Debtor, right?

15 A Yes.

16 Q So, it's not in the ownership structure, right?

17 A Yes.

18 Q And it's not part of the chart, right?

19 A Okay.

20 Q And it has a second lien on the property, correct?

21 A Correct.

22 Q About 25 million principal amount, something like that?

23 A Correct.

24 Q Okay. And you filed the proof of claim in the first  
25 case on behalf of that entity, correct?

1 A I believe so, yes.

2 Q Okay. And we actually -- that's what we just looked  
3 at, correct?

4 A Yes.

5 Q Who told you to do that?

6 A I work hand in hand with the attorneys on everything.  
7 We went through everything. I didn't make any decisions on  
8 my own without counsel, so --

9 Q How did you know that claim was valid?

10 A What do you mean? There were documents. There's -- I  
11 sat down and I put my eyes on all the documents.

12 Q Is your understanding, the Debtor has not paid property  
13 taxes in five years?

14 A I wouldn't agree with that.

15 Q Did the Debtor pay taxes in 2019?

16 A There was testimony earlier about the years 2020 and  
17 2021, alternative arrangements that were made for taxes.

18 Q So, I'll have to quibble with you a little bit, sir.  
19 There hasn't been any testimony today except for yours.  
20 You're (indiscernible) witness, correct?

21 A Sorry.

22 Q The Debtor did not pay 2019 taxes, correct? Those  
23 taxes were paid by somebody else and the Debtor obtained a  
24 loan for that amount, correct?

25 A I would agree with that, yes.

1 Q Okay. And the same for 2020?

2 A Yes.

3 Q And the same for 2021?

4 A I believe so, yes.

5 Q And the Debtor has not made any payments on account of  
6 those loans, correct?

7 A Personally, I'm not in a position to say yes or no.  
8 I'm not sure.

9 Q And the 2022 taxes are still outstanding, correct?

10 A I believe so, yes.

11 Q And those amounts continue to accrue interest?

12 A I believe so, yes.

13 Q Do you have any idea how much is outstanding on the  
14 2022 taxes?

15 A Not off the top of my head.

16 Q If I told you about a million dollars, does that sound  
17 right?

18 A Not sure.

19 Q Okay. And the 2023 taxes are due today, correct?

20 A I would -- yes.

21 Q And they haven't been paid, right?

22 A I don't think so.

23 Q When the Debtor acquired the subject property, it took  
24 out a loan from National Bank of Kuwait, correct?

25 A Was I present at that time?

1 Q Do you know whether that's true?

2 A I believe so, yes.

3 Q Okay. And do you know if that loan was about \$51  
4 million?

5 A Sounds correct.

6 Q And at some point, the Debtor -- sorry. Withdrawn. Do  
7 you know what the payment terms of that loan are?

8 A I've seen, but I'm -- it's not something that I focus  
9 on.

10 Q Well, let me ask you specifically. Do you know whether  
11 during the term of the loan, the Debtor was required to make  
12 interest only payments?

13 A I do not know.

14 Q Okay. Do you know whether the Debtor at some point  
15 defaulted on his payment obligations to the bank?

16 A I do now know.

17 Q Are you aware of the Debtor making any payments to the  
18 bank?

19 A I believe there were payments made.

20 Q Okay. When were they made?

21 A Regarding to -- in regards to the loan itself, I'm not  
22 sure.

23 Q Can you recall any single payment being made to the  
24 bank on account of the loan?

25 A Again, I don't handle finances in this particular case.

1 I don't know.

2 Q Who does handle the finances?

3 A What timeframe are we referring to?

4 Q Fair question. Let's talk about during the 2018 to  
5 2020 timeframe.

6 A I would not know the answer to that.

7 Q Okay. When did you first become involved with the  
8 Debtor?

9 A I was working for Mr. Choudhri when he acquired the  
10 property.

11 Q So, I think that's a little bit of a different -- think  
12 that's an answer to a little bit of a different question.  
13 But we can go with that. Do you recall when Mr. Choudhri  
14 first acquired the property?

15 A I think it was 2012. I think. Somewhere around there.

16 Q And that was through an entity that's other than the  
17 Debtor, correct?

18 A I don't recall.

19 Q Did you have a role of any kind with that entity?

20 A No.

21 Q Were you involved in managing the property at that  
22 time?

23 A Yes.

24 Q And are you aware that at some point in 2018, the  
25 property was sold from one business that Mr. Choudhri owns

1 to the Debtor, which is another business that Mr. Choudhri  
2 owns?

3 A I've seen some documents, yes.

4 Q And was it at that point that you said you first became  
5 involved with the project?

6 A No, not in 2018. No, sir.

7 Q When did you first become involved with the property?

8 A Like I mentioned, I was working for Mr. Choudhri at the  
9 very beginning when he acquired the property.

10 Q Right, but then I asked you if you had any role at the  
11 -- when you were managing the property and you said no. So  
12 what I'm trying to figure out is when did you first get  
13 involved in managing the property (indiscernible)?

14 A Okay, I think I -- if I misunderstood the question, I'm  
15 sorry.

16 Q It probably was a bad question, so I apologize.

17 A I think what I was referring to was in 2018, I was not  
18 -- I was not affiliated with the property.

19 Q So, when did you first become affiliated?

20 A I rejoined the organization in 2022.

21 Q So, you said rejoined the organization?

22 A Yes. I came back to work for Jetall in 2022.

23 Q So, there was a prior period of time where you worked  
24 for Jetall and you stopped and you came back?

25 A Correct.

1 Q Thank you. So, when did you stop?

2 A 2018.

3 Q Why did you stop?

4 A I was engaged at the time and my fiancée had a  
5 restaurant. She became ill. Subsequently passed away.

6 Q I'm sorry for your loss.

7 A I opened up a second location and I spent a few years  
8 grooming my stepson to take over the restaurant and he's  
9 done that.

10 Q That's fantastic. I'm sorry for your loss.

11 A Thank you.

12 Q So, what caused you to come back to work for Jetall?

13 A As soon as my stepson had a grasp on the restaurants, I  
14 was comfortable. I have a long history working for Mr.  
15 Choudhri.

16 Q Did you previously work for his father as well?

17 A Yes.

18 Q And this was 2022 that you came back to the property?

19 A Correct.

20 Q Okay. And what did you -- what were your duties and  
21 responsibilities when you came back in 2022?

22 A My official title is operations manager.

23 Q What does that entail?

24 A Property maintenance, tenant relations, basically  
25 making sure that the tenants are happy.



1 MR. FITZMAURICE: So, Your Honor, I'm at a point  
2 in time where I want to go through a number of exhibits with  
3 the witness understanding -- can I just take a minute to get  
4 myself set up over here?

5 THE COURT: Just plug in over here and I'll turn  
6 it on and you can pull up the document and start presenting.

7 MR. FITZMAURICE: Thank you, Your Honor.

8 (Pause)

9 MR. FITZMAURICE: Thank you, everyone, for your  
10 indulgence while --

11 THE COURT: No problem.

12 MR. FITZMAURICE: -- work through our issues.

13 BY MR. FITZMAURICE:

14 Q Mr. Darjean, do you recall that in the first bankruptcy  
15 case, the Debtor submitted a projection of its rental  
16 income?

17 A It looks to be -- yeah, it looks to be. Yes.

18 Q And that projection estimated that for October,  
19 November, and December, the Debtor would receive \$229,579.02  
20 in rental income for each month?

21 A Yes, that's what the document says.

22 Q Okay. Do you recall what the Debtor actually received?

23 A Not off the top of my head.

24 Q Do you know how this document was prepared?

25 A Several people worked on it.

1 Q What was prepared from the Debtor's books and records?

2 Was it prepared from the Debtor's books and records?

3 A I believe so, but -- yeah, several people worked on  
4 this document including myself.

5 MR. FITZMAURICE: So, Your Honor, we move for the  
6 admission of -- this is one page of a larger exhibit. We're  
7 actually only interested in this one page. So, we move for  
8 the admission of just this --

9 THE COURT: 87-24, is that correct?

10 MR. FITZMAURICE: 87-24, Your Honor.

11 THE COURT: Page 1?

12 MR. FITZMAURICE: Page 1. Any objections to 87-  
13 24-1 -- or Page 1, excuse me.

14 MR. BAKER: No, but I think there may be -- well,  
15 I do on the perspective this has got 21 pages and those  
16 pages may help give some further explanation to the rental  
17 income, because I believe there's information in here --

18 THE COURT: If you want optional completeness, if  
19 you want the entire document admitted, I'm happy to do that,  
20 Mr. Baker.

21 MR. BAKER: Yes. I --

22 MR. FITZMAURICE: No objection.

23 THE COURT: All right, then let's do that. I'll  
24 admit 87-24.

25 (Exhibit 87-24 entered into evidence)

1 THE COURT: Let me do one thing real quick. It  
2 seems to me that this here is going to go on quite a while  
3 and I'd like to give you guys as much time as humanly  
4 possible this afternoon. That means me trying to move back  
5 my flight to a later flight.

6 Let me step down from the bench and see if I can  
7 staff work on that and that way I don't have to cut you off  
8 in 30 minutes and bring you back tomorrow at one. You may  
9 have to come back at one anyway, but at least if I can do,  
10 like, three o'clock rather than 12:30, we'll be better off.  
11 So, I'm going to step down for two minutes, see what they  
12 can do. I'll be right back. All right?

13 MR. FITZMAURICE: Appreciate that, Your Honor.  
14 Thank you.

15 CLERK: All rise.

16 (Recess)

17 MR. FITZMAURICE: Back on, Your Honor?

18 THE COURT: Go ahead.

19 MR. FITZMAURICE: Thank you.

20 BY MR. FITZMAURICE:

21 Q So Mr. Darjean, we were just looking at the profit and  
22 loss or projected income that the Debtor submitted in the  
23 first case. Do you recall that? You recall that? Okay, so  
24 now, let's look at the profit and loss report the Debtor  
25 submitted in this case, referring to Document 87-39. You

1 recognize this document, sir? Does this first page appear  
2 to be a balance sheet for the Debtor?

3 A Yes, sir. I've seen it.

4 Q Okay. And scroll down to the next page. The balance  
5 sheet continues. And then I want to ask you questions about  
6 the third page. You recognize this to be profit and loss  
7 report for the year 2023 that the Debtor submitted in this  
8 case?

9 A I believe yes. I've seen it.

10 Q All right. And for October, it reflects rent income of  
11 \$97,530.08, correct?

12 A Correct.

13 Q And that's much less than Debtor was projecting during  
14 Galleria 1, first bankruptcy case, correct?

15 A I would say so, yes.

16 Q Okay. And for November of 2023, rental income was  
17 \$121,985.11. Do you see that?

18 A Yes.

19 Q Also much less than what was originally projected,  
20 correct?

21 A Yes.

22 Q And the same for -- I don't need to read out the  
23 numbers, but the same for December of 2023, correct, that  
24 rental income was much less than expected, right?

25 A Much less. Yes.

1 Q Thank you. So sir, you signed the -- I think we talked  
2 about this, so apologize if I'm going over old ground. You  
3 signed the Debtor's schedules and statements of financial  
4 affairs in this case, correct?

5 A Yes.

6 Q Okay. My colleague is pulling it up. We're going to  
7 show you -- we're going to show those to you now.

8 MR. FITZMAURICE: Sorry, Your Honor. I apologize.  
9 I moved off too quickly.

10 THE COURT: 87-39 (indiscernible), if that's what  
11 you're --

12 MR. FITZMAURICE: Yes, and -- for admission of  
13 that, Your Honor.

14 THE COURT: Any objection to 87-39? Mr. Baker?

15 MR. BAKER: I thought 87-39 was the balance sheet.  
16 That's not what you got.

17 MR. FITZMAURICE: That's the first page. It's the  
18 balance sheet and then it's this profit and loss.

19 MR. BAKER: I don't have an objection to the  
20 balance sheet. I'm not -- was that profit and loss attached  
21 to it?

22 MR. FITZMAURICE: Yes.

23 MR. BAKER: It was filed?

24 MR. FITZMAURICE: It was filed in (indiscernible).

25 MR. BAKER: Okay. No objection.

1 THE COURT: It's admitted and thank you.

2 (Exhibit 87-39 entered into evidence)

3 BY MR. FITZMAURICE:

4 Q Sir, you have in front of you a document that includes  
5 the Debtor's schedules and statement of financial affairs.  
6 Do you see that?

7 A Yes.

8 Q And then all the boxes are checked -- that are checked  
9 there, those are the documents that appear after this first  
10 page, right?

11 A Yes.

12 Q Okay. And these documents are signed by you under  
13 penalty of perjury, correct?

14 A I see my signature on this page, yes, sir.

15 Q And you see across the top, it says "Declaration Under  
16 Penalty of Perjury"?

17 A Yes, sir.

18 Q And then above your signature, you see that it says, "I  
19 declare under penalty of perjury the foregoing is true and  
20 correct"?

21 A Yes, sir.

22 Q So, let's look at the -- let's look at the next page,  
23 please, which is Official Form 204. This is schedule of the  
24 Debtor's 20 largest unsecured creditors. Is that right?

25 A Yes, sir.

1 Q Why did the Debtor schedule Caz Creek Lending as an  
2 unsecured claim?

3 A With advice of counsel.

4 Q Caz Creek Lending is the tax lien lender, right?

5 A Yes.

6 Q And so -- and the tax lien lender takes an assignment  
7 of the tax lien from the taxing authority?

8 A I can't speak on that.

9 Q Okay. Number 3, City of Houston. You know why that's  
10 filed as a -- I'm sorry, scheduled as an unsecured claim?

11 A I don't. It doesn't give a description, so I have to  
12 look at the backup.

13 Q Let's look at line number 11. The Houston Community  
14 College System indicates on the form here it's a tax lien.  
15 You see that, sir?

16 A Yes.

17 Q You know why this one is scheduled as an unsecured  
18 claim?

19 A With the advice of counsel.

20 Q How about number 12, the Houston Independent School  
21 District.

22 A Same.

23 THE COURT: Hold on one second.

24 I'm sorry, go ahead.

25 MR. FITZMAURICE: Thank you, Your Honor.

1 THE COURT: I was able to push my flight back, so  
2 we'll be able to go (indiscernible).

3 MR. FITZMAURICE: Thank you, Your Honor. I'm sure  
4 on behalf of all the parties, we appreciate Your Honor's  
5 accommodation.

6 BY MR. FITZMAURICE:

7 Q Looking at Line 15, now the claim is disputed. That's  
8 -- I'm not going to ask you about that, but these are for  
9 the tax liens, right, the Mr. Choudhri acquired in that  
10 order, signed, the National Bank of Kuwait under the  
11 settlement agreement between the parties, right?

12 A I'd have to look at the backup documents as to exactly  
13 where those numbers came from.

14 Q Well, at least that's what's indicated --

15 A That's what it says. Yes.

16 MR. FITZMAURICE: So, I'm going to ask my  
17 colleague to scroll through this document to the Schedule  
18 E/F, creditors who have unsecured claim, Page 2 of 10.  
19 Okay, thank you.

20 BY MR. FITZMAURICE:

21 Q So, do you see there, sir, Section 3.3 lists Mr.  
22 Choudhri?

23 A Yes.

24 Q And it's \$6.7 million?

25 A Correct.



1 Q And it's indicated as additional amounts owed for tax  
2 liens?

3 A Yes.

4 Q What's the basis of that claim?

5 A I have to see the backup documents, but we went through  
6 documents and came up with that number.

7 Q Mr. Choudhri acquired the tax liens and transferred  
8 them to the National Bank of Kuwait, correct?

9 A I believe so.

10 Q How could he be owed \$6.7 million, then, on account of  
11 those claims that he transferred?

12 A Can I --

13 Q Yes, please. I'll ask it again. I'm going to go back  
14 to question just to make sure. The tax liens that Mr.  
15 Choudhri acquired, he assigned to the National Bank of  
16 Kuwait, correct? At least, that's what it indicates on the  
17 page that we looked at a minute ago, right?

18 A I believe that's what the document said, yes.

19 Q So how is it that he could be owed \$6.7 million on  
20 account of tax liens that he transferred to the bank?

21 A I don't know if that calls for a legal conclusion on my  
22 part, but I'm not able to answer. Like I said, we went  
23 through documents and came up with that dollar amount.

24 Q As you sit here today, you have no understanding of the  
25 basis of this claim, correct?

1 A I wouldn't say that, sir.

2 Q What's the basis of the claim, then?

3 A With the advice of counsel, we came up with this  
4 document and those figures and we agreed that it was  
5 appropriate. If there was something that needs to be  
6 amended, you know, I might get with counsel, but this is  
7 what we agreed to.

8 Q So, you declared under penalty of perjury that this was  
9 correct because Mr. Baker told you to?

10 A I don't do anything without converging everyone's  
11 opinion as far as what's correct or not.

12 Q Right, but this is \$6.7 million that's scheduled as a  
13 general unsecured claim that you affirmed under penalty of  
14 perjury was true, meaning you have a basis to believe that  
15 he was actually owed these amounts. But as you sit here  
16 today, you don't know why?

17 A No, I agree with the document. I signed off on it.

18 Q And the basis of the claim is because counsel told you?

19 A I guess I'm just not understanding the question as far  
20 as what you're saying basis, and --

21 Q Why does the Debtor owe Mr. Choudhri \$6.7 million for  
22 additional amounts owed for tax liens, as indicated in  
23 Section 3.3 of the schedule?

24 A Yeah, I definitely know that Mr. Choudhri would be a  
25 better person to ask that question.

1 Q Well, but you're the one who signed it.

2 A I understand.

3 Q And so I'm asking you why you believe under penalty of  
4 perjury that the Debtor who you represent and work for owes  
5 Mr. Choudhri \$6.7 million on account of tax liens?

6 A Those tax liens were mentioned earlier today, and I  
7 believe that from everything that I've seen they're valid.  
8 I believe this document is valid.

9 Q So, the document indicates the tax liens that Mr.  
10 Choudhri acquired were transferred to the bank, but somehow  
11 the Debtor owes Mr. Choudhri \$6.7 million on account of  
12 those same tax liens, and both those things are true?

13 A I don't know if that calls for a legal conclusion or  
14 not.

15 Q I'm asking -- I'm sorry. I didn't mean to cut you off.  
16 I apologize. I'm asking you what you think. I'm not asking  
17 you to give a legal opinion or for legal advice. I'm asking  
18 you as a representative of the Debtor who signed this  
19 document, if you believe that to be true, that both things  
20 are true. Mr. Choudhri acquired tax liens, transferred them  
21 to the bank, and yet somehow he's still owed \$6.7 million on  
22 account of them, even though he doesn't own (indiscernible).  
23

24 A Still sounds like you're asking me to make a legal  
25 conclusion that I'm not prepared --

1 Q Why does the Debtor think it owes Mr. Choudhri \$6.7  
2 million?

3 A We discussed the Caz Creek items before and there was a  
4 tax lien. Mr. Choudhri acquired those tax liens, but as I  
5 mentioned before, this happened during a period of time when  
6 I, you know, when I wasn't present.

7 Q No, I'll agree with you, sir, that the Caz Creek loan  
8 Mr. Choudhri's obtaining the benefit of those, acquiring  
9 those tax liens, that happened prior to your involvement  
10 with the Debtor. I'll agree with you there. And those tax  
11 liens were assigned to the bank under the settlement  
12 agreement between those parties, correct?

13 A I have -- I don't believe I was present when all of  
14 that happened.

15 Q But again, at least that's what the schedule that we  
16 looked at earlier says, correct?

17 A I believe so.

18 Q Okay. And so your testimony is that you weren't there  
19 for any of that, but you were there for this and you were  
20 there to sign this document --

21 A Yes.

22 Q -- attesting that it was true, and what I'm -- and I  
23 apologize that I keep asking the same question, but what I'm  
24 trying to understand is, at the time that you filed it, why  
25 did you believe that was true?

1 A With corporate counsel discussion.

2 Q So --

3 A I didn't make the decision on my own.

4 Q Which corporation? You said corporate counsel. What  
5 company? Who was the lawyer that gave you the advice?

6 A For this particular document in this case?

7 Q Yes, sir. For this particular document. Who is the  
8 lawyer that gave you the advice that this was a legitimate  
9 debt owed to Mr. Choudhri?

10 A For this particular case that we're discussing today?

11 Q This document which is an --

12 MR. BAKER: Your Honor, I believe I'm going to  
13 object to the extent this is -- he's asking for  
14 communications with an attorney. It's attorney-client  
15 discussion.

16 THE COURT: Not who gave the advice is not  
17 privileged, no. What the advice was is privileged, but who  
18 gave it is not. You may answer the question, sir.

19 THE WITNESS: So, if it's regarding this  
20 particular case and not the previous case, just the document  
21 that I'm looking at, I would say when we worked with Mr.  
22 Baker on it.

23 BY MR. FITZMAURICE:

24 Q As far as you are aware, does Mr. Baker represent any  
25 entities other than the Debtor that are affiliated with Mr.

1 Choudhri?

2 A I'm not sure.

3 MR. FITZMAURICE: So, I'm going to ask my  
4 colleague to scroll back up into the document to the  
5 Schedule D, creditors who have claim secured by property.  
6 And the first page, Page 1. (indiscernible), thank you.

7 BY MR. FITZMAURICE:

8 Q You recognize this, sir?

9 A Yes.

10 Q And this is the -- for lack of a better description,  
11 the list of all of the Debtor's secured creditors?

12 A Yes.

13 Q And so the first entity that's listed there is 2425 WL  
14 LLC?

15 A Yes.

16 Q And it indicates there there's a -- that that entity  
17 has a lien on real property owned by the Debtor/

18 A Correct.

19 Q And that's the property at 2425 West Loop South?

20 A Correct.

21 Q Okay. There were other parties who assert a lien on  
22 the property, correct?

23 A Specifically?

24 Q Does the bank of -- does National Bank of Kuwait assert  
25 a lien against the same property?

1 A I would believe so, yes.

2 Q And does the -- does Caz Creek assert a lien against  
3 the property by virtue of this tax lien?

4 A I don't know.

5 Q How about the taxing authorities? Do they have  
6 statutory liens against the property?

7 A I don't know.

8 Q Okay. You see here on the bottom of the -- on the  
9 bottom of this page, there's a question. "Do multiple  
10 creditors have an interest in the same property?" Do you  
11 see that, sir?

12 A Yes.

13 Q And you checked yes.

14 A Yes.

15 Q Okay. And then next to yes, it says, "Specify with  
16 respect to each creditor, a relative priority." You see  
17 that?

18 A I see that.

19 Q Okay. So does the Debtor think that 2425 WL LLC is the  
20 first lien lender against the property?

21 A I didn't say that.

22 Q Isn't that what this says?

23 A Well, I don't know if that number one instigates or  
24 basically -- I don't have -- I don't have an answer for  
25 that. I mean, if there was a mistake made, then maybe we

1 can amend it.

2 Q The form says, "Specify each creditor including this  
3 creditor and its relative priority." So, this form is  
4 asking you for everybody who claims a lien against the  
5 property, list them in the order of the priority of their  
6 claims.

7 A Correct.

8 Q Okay. And you listed 2425 WL first, the National Bank  
9 of Kuwait second, Caz Creek Lending third, National Bank of  
10 Kuwait again fourth, and then the taxing authority is after  
11 that. Do you see that?

12 A Yes.

13 Q You think that's correct?

14 A I don't know. I think the document's correct based --  
15 yes. I think it's correct.

16 Q Just a couple more, sir. You testified at the 341  
17 meeting in this case?

18 A Yes.

19 Q And one of the questions that you were asked was  
20 concerning the Debtor's authority to file this case; do you  
21 recall that?

22 A Yes.

23 Q And do you recall there were questions about what --  
24 about the existence of a corporate resolution.

25 A Yes.



1 Q And has that been provided to the U.S. Trustee's  
2 Office?

3 A It was provided to Mr. Baker. I'm assuming that it was  
4 provided.

5 Q So, you gave Mr. Baker a corporate resolution that  
6 authorized the filing of this bankruptcy case? And I want  
7 to be clear, not the first one, this one.

8 A Yes.

9 MR. FITZMAURICE: That's all I have, Your Honor,  
10 thank you.

11 THE COURT: Mr. Baker, you're up next. I'm going  
12 to step down for just the same two seconds to figure out  
13 what they've done with my flight, how long we can go to, and  
14 then deal with cascades of what that does with the rest of  
15 my schedule. I'll be back in less than five minutes. Let's  
16 just come back at 12:30. Okay? Thank you.

17 MR. BAKER: Thank you, Your Honor.

18 CLERK: All rise.

19 (Recess)

20 THE COURT: All right, Mr. Baker, you're up. And  
21 just so the parties know, they put me on a very, very late  
22 flight. We're good until five o'clock.

23 MR. BAKER: I'm going to reserve my questions  
24 until I put him on on my case.

25 THE COURT: That's fine. Thank you.

1 MS. WHITWORTH: Your Honor, I have a couple of  
2 questions.

3 THE COURT: Sure, go ahead. And I'll give Mr.  
4 Sather, too, if he's got questions. You have questions?

5 MR. SATHER: I do.

6 CROSS EXAMINATION OF DWARD DARJEAN

7 BY MS. WHITWORTH:

8 Q Hi, Mr. Darjean. I'm Jana Whitworth. We met earlier  
9 in other cases. It's good to see you again.

10 A Yes, sir -- yes, ma'am, I'm sorry.

11 Q It's okay. I don't have the exhibits with me but I  
12 think that Mr. Fitzmaurice showed you the proof of claim  
13 that was filed by Mr. Choudhri in the prior case?

14 MS. WHITWORTH: I believe it's -- if I can -- you  
15 would indulge me?

16 MR. FITZMAURICE: Yes --

17 MS. WHITWORTH: I think it's your Exhibit I?

18 BY MS. WHITWORTH:

19 Q The testimony earlier, and they showed you to the  
20 schedules, that in this case, the Houston case, Mr. Choudhri  
21 is scheduled as having a claim against the Debtor in his  
22 individual behalf against the Debtor for \$6,771,000. Do you  
23 recall that testimony?

24 A Yes.

25 Q And then there were a lot of questions asking about how

1 did you as the Debtor representative who signed off on those  
2 schedules, how did you come up with that figure; do you  
3 recall that --

4 A Yes.

5 Q -- testimony, Mr. Darjean? You mentioned that you  
6 looked at documents but you didn't really -- it might be my  
7 notes are bad. Please forgive me. But was there a  
8 management agreement between the Debtor or any sort of  
9 agreement contracts or anything between Mr. Choudhri and the  
10 Debtor to substantiate that 6.7 million?

11 A I'm not sure.

12 Q Okay. Okay, so looking at this, this is the proof of  
13 claim that was filed in the Victoria case by Mr. Choudhri.  
14 You can see that. Can you scroll up to the next page,  
15 please? Okay. So, this shows a claim of \$960,000. Is that  
16 correct?

17 A That's what it shows, yes.

18 Q Okay. So that is a -- and go up one more if you don't  
19 mind to show the signature page and the date of that claim.  
20 So, that claim was October 31st of 2023, 690,000 or 960,000,  
21 excuse me. But less than 60 days later, the Debtor  
22 schedules a debt owed to Mr. Choudhri individually of almost  
23 \$7 million. Do you see the discrepancy? Is there -- do you  
24 know what happened between this time and the time that you  
25 scheduled the 6,771,000.

1 A I see that Mr. Choudhri signed off on this document.

2 Q Sure.

3 A The document says what it says, but I believe that the  
4 dollar figure in this case was substantiated as well, so --

5 Q The 6,771,000?

6 A Yes.

7 Q You stand by that number on behalf of the Debtor?

8 A I -- yes, I believe until something else -- until I'm  
9 able to see that a mistake was made, but for right now, yes,  
10 I agree with the document I signed off on.

11 Q Okay, well, that leads me to my next question --

12 A Yes, ma'am.

13 Q -- and the concern that the Trustee has. Is there  
14 anyone on behalf of the Debtor who would take the initiative  
15 and say these two things don't match up in a 60-day period.  
16 There's no documents here. There's no documents that you've  
17 identified for the 6,700,000. Who on behalf of the Debtor  
18 is going to question that and file an objection to that and  
19 dig deeper to make Mr. Choudhri produce evidence to  
20 substantiate his claim against the Debtor?

21 A I believe Mr. Baker mentioned earlier that we were in  
22 agreement with getting a CRO to substantiate every --

23 Q I'll ask you about that in a minute. But as this case  
24 stands today --

25 A Yes.

1 Q Who would stand up on behalf of the Debtor and question  
2 them and demand evidence to substantiate? Is there anyone?

3 A I mean, we're talking about two different cases, two  
4 different documents and -- but as far who, I haven't had a  
5 chance to speak with counsel about this specific question,  
6 so I'm not sure how to answer it.

7 Q Okay. And the same goes with Jetall. There's a  
8 difference in what was claimed in the Victoria case. Again,  
9 I don't have the exhibits because I didn't know this was  
10 going to turn this way. The exhibits show a certain amount  
11 that was claimed by Jetall in the Victoria case. Do you  
12 happen to know how much Jetall claimed in the Victoria case,  
13 Mr. Darjean?

14 A Not off the top of my head.

15 Q I believe they claimed, if I recall your testimony, it  
16 was about 2,204,000. Does that sound about right?

17 A I believe so.

18 Q Okay, so this was scheduled in this case is 2,329,000  
19 which is an which is an increase, plus your earlier  
20 testimony you talked about the SOFA, the statement of  
21 financial affairs, there was a disclosure that in between  
22 the first case and this case, 118,000 was paid out. Is that  
23 correct?

24 A Yes, I believe I answered the question about that.

25 Q Okay. Now, I'm taking from mine, that I did all these

1 numbers here.

2 A Yeah.

3 Q So, the original claim was 2.2 and then other 2.2 that  
4 was owed, 118,000 was paid, so you think that number would  
5 go down, right?

6 A I understand your point.

7 Q And now there's an additional -- you know, it's that,  
8 the number that's claimed in the schedules. So my point is  
9 these numbers don't match up, right? There's questions.  
10 So, who at the Debtor is going to go fight Jetall to make  
11 them substantiate these claims?

12 A I mean, the numbers weren't just made up --

13 Q I'm not saying they are. I'm just -- my concern is  
14 there's discrepancies. You would admit there's some  
15 discrepancies. There's questions.

16 A I'm sure we can answer them.

17 Q So, but my point is, who's going to ask those  
18 questions? Who's going to make an objection and request  
19 that this be disclosed?

20 A Like I said, my earlier point is that if you're asking  
21 for today to get these questions answered, I have to confer  
22 with Mr. Reese, but yeah, I just haven't had a chance to  
23 speak with counsel regarding that specific question.

24 Q So, the point that you're making, and correct me if I'm  
25 wrong, is that at this point in time, there's really no

1 person to do that but you are suggesting that an independent  
2 chief restructuring officer come in and you could make that  
3 person -- you would give them the free rein to become the  
4 fiduciary on behalf of the Debtor without ties to any of the  
5 other entities; is that your point that you're making? I  
6 don't want to put words in your mouth. This is your sworn  
7 testimony.

8 A Yes, we've had discussions on our side of doing just  
9 what you described.

10 Q Okay. So, that leaves me -- the next question is, you  
11 were in the courtroom and you heard about the questions  
12 about who's paying Mr. Baker, right?

13 A Yes.

14 Q So, who -- if there's money that the Debtor can't pay  
15 Mr. Baker's attorney's fees to administer the this case and  
16 represent the Debtor, how can the Debtor afford a CRO?

17 A I don't think this. I have never had any issues with  
18 items -- especially important items not getting paid.  
19 That's just --

20 Q What would be the source of the funds to pay -- you  
21 understand, that a chief restructuring officer is going to  
22 probably cost upwards of \$100,000 for case like this.

23 A Okay. Yes.

24 Q So where is the Debtor -- what is going to be the  
25 source of funds for the Debtor? Does the Debtor generate

1 sufficient funds and is your under secured creditors, the  
2 taxing entities, the Bank of Kuwait, are they going to agree  
3 to that? How is this going to happen?

4 A Mr. Choudhri would definitely be able to get into  
5 details as far as the specifics as far as funding.

6 Q Okay. So you're just going to pass that to Mr.  
7 Choudhri to testify as that issue?

8 A Yeah, he -- that's -- it's more appropriate for him.

9 Q Okay.

10 MS. WHITWORTH: Those are all the questions I  
11 have, Judge. Thank you.

12 THE COURT: All right, Mr. Sather.

13 MR. SATHER: Did I do this correctly?

14 THE COURT: You should be -- I have the podium  
15 connected, so if you're all connected to the right -- there  
16 you go.

17 MR. SATHER: Is that right? Okay.

18 CROSS EXAMINATION OF DWARD DARJEAN

19 BY MR. SATHER:

20 Q Mr. Darjean, you were asked questions about my client  
21 2425 WL LLC. I'd like to direct your attention to Document  
22 No. 95, the plan of reorganization filed in this case and  
23 Paragraph 8.5. You see where it says that -- sorry, I'm  
24 having trouble -- that "the allowed secure claim of 2425 WL  
25 LLC will be determined by the value of 2425 LLC's interest



1 in the collateral securing such allowed claim." You see  
2 that?

3 A Yes.

4 Q And then a little further below, it says "As such, and  
5 because the respective tax authorities, tax lenders and NBK  
6 hold a higher priority lien on the properties, the Debtor  
7 believes that NBK's allowed secured claim will be an amount  
8 equal to the difference between the value of the property,  
9 less the outstanding property taxes and senior debt owed  
10 with respect to property; the Debtor therefore believes that  
11 2425 WL LLC is wholly unsecured." You see that?

12 A Yes.

13 Q And when we were looking at the page of the schedules  
14 earlier, did you notice that it referred to 2425 WL as a  
15 second lien?

16 A Yes.

17 Q And a second lien is not a first lien, is it?

18 A Correct.

19 MR. SATHER: Pass the witness.

20 THE COURT: Mr. Fitzmaurice?

21 MR. FITZMAURICE: Briefly, Your Honor.

22 THE COURT: Okay.

23 MR. FITZMAURICE: Apologize, (indiscernible).

24 THE COURT: It'll take a minute to connect.

25 REDIRECT EXAMINATION OF DWARD DARJEAN

1 BY MR. FITZMAURICE:

2 Q So, this is the plan that counsel was just asking you  
3 about. Do you see that?

4 A Yes.

5 Q Okay. The last sentence on Page 15 of 24, the end of  
6 it. Right? "The claim of 2425 will be treated as a Class 6  
7 general unsecured claim under the plan." Do you see that?

8 A Yes.

9 Q And then if you look below, Section 8.6. Do you see  
10 that?

11 A Yes.

12 Q And that provides that Class 6 general unsecured claims  
13 would pay 100 percent of the allowed amount in eight  
14 consecutive equal quarterly payments; do you see that?

15 A Yes.

16 Q How is the Debtor -- how does the Debtor have the money  
17 to pay 2425 WL LLC more than \$25 million in eight equal  
18 payments?

19 A I've seen this document itself. I didn't really  
20 examine it 100 percent, but I have glanced at this document,  
21 so I'm not prepared to answer.

22 Q Does the Debtor have the ability today to pay 2425 WL  
23 LLC \$25 million over eight payments?

24 A I don't know. Possibly yes.

25 Q Where does that money come from?

1 A That's a question for Mr. Choudhri.

2 MR. FITZMAURICE: Thank you. Nothing further.

3 THE COURT: Mr. Baker?

4 MR. BAKER: I'm going to reserve my questions.

5 THE COURT: Ms. Whitworth?

6 MS. WHITWORTH: No further question, Judge.

7 THE COURT: Mr. Sather?

8 MR. SATHER: Nothing further.

9 THE COURT: All right, thank you. All right, you  
10 can step down. (indiscernible) may step down. Mr.  
11 Fitzmaurice, next witness.

12 MR. FITZMAURICE: National Bank of Kuwait calls  
13 Ali Choudhri.

14 THE COURT: Mr. Choudhri, please come up to the  
15 podium. I will swear you in and you can be seated.

16 (indiscernible) the microphone there. I'll swear you in.

17 (indiscernible) paperwork with you up there. Thank you.

18 Please raise your right hand to be sworn. Do you swear or  
19 affirm to tell the truth, the whole truth, and nothing but  
20 the truth, so help you God?

21 THE WITNESS: Yes.

22 THE COURT: Please be seated, sir. Mr.  
23 Fitzmaurice, you may proceed at your leisure.

24 MR. FITZMAURICE: Thank you, Your Honor.

25 DIRECT EXAMINATION OF ALI CHOUDHRI

1 BY MR. FITZMAURICE:

2 Q Mr. Choudhri, good afternoon.

3 A Good afternoon.

4 Q Mr. Choudhri, were you served with a subpoena to appear  
5 here today on -- for National Bank of Kuwait?

6 A I was not.

7 Q You know, we tried to serve you with a subpoena, right?

8 A No. I became aware of that -- I became aware from a  
9 tenant that somebody was trying to serve a subpoena at one  
10 of my tenants' properties, but I was planning on being here  
11 and I'm here.

12 Q So, you're aware that we --

13 A But I was not served and nobody attempted to serve me.

14 Q You're aware that we twice asked Mr. Baker to accept  
15 service of the subpoena for you to testify on behalf of  
16 National Bank of Kuwait today?

17 A I'm not aware of that. I was planning on being here.

18 Q And you're aware that we had to make a motion to the  
19 Court to authorize the U.S. Marshal to attempt service on  
20 you?

21 A I'm not.

22 Q And you're aware that -- are you aware that Mr. Baker  
23 spoke to the marshal and refused to accept service of the  
24 subpoena or to tell the marshal where you were?

25 A I'm not aware of that.

1 Q Are you the principal equity owner of the Debtor?

2 A Yes.

3 Q And you're also the owner of Jetall?

4 A I'm the president of Jetall.

5 Q You also own the equity in Jetall?

6 A Yes.

7 Q Okay. And you were also the principal owner of 2425  
8 WL, the second lien lender?

9 A Yes.

10 Q As it stands here today, who is the person who looks  
11 out solely for the Debtor's interests?

12 A I do.

13 Q You also -- how can you do that when you also own  
14 Jetall who has claims against the Debtor? You also  
15 individually have claims against the Debtor in at least  
16 three capacities.

17 A It's -- I don't know what that's -- what issue there is  
18 with that. I personally funded the \$960,000 settlement. I  
19 own tax liens that I assigned to the bank, that the bank  
20 says the settlement agreement doesn't exist anymore, is what  
21 -- and so I've advanced the funds and I've been accounting  
22 for everything that's -- that I've advanced. Jetall in the  
23 bank's loan, when we made the loan, they were very impressed  
24 with Jetall and our ability to lease up the building. So --

25 Q Sir -- I'm going to ask you to -- you have very able

1 counsel, so I'm going to ask -- who can ask you questions  
2 and you can -- to extent that the judge admits your  
3 testimony, you can tell your story as you wish to when Mr.  
4 Baker is asking the questions. I just want to know who is  
5 the person that is not affiliated with another entity that  
6 is solely looking out for the Debtor's interests?

7 A This is a single purpose and (indiscernible) like other  
8 companies I have ownership -- they have ownership, they've  
9 managed the property, a single purpose, it's a family  
10 business. I took over from my father. I'm looking out  
11 after it and I have a counsel Mr. Baker who reviews  
12 everything. We discuss everything and if there's an issue  
13 then, we're happy to address it and be fully transparent.

14 There's absolutely no -- you know, there's just kind of  
15 innuendo and (indiscernible) but there's absolutely nothing.  
16 And I'm willing to be completely transparent about  
17 everything. So at the end of the day, it would be me who is  
18 the representative for the Debtor and yes, I'm also the  
19 representative for the management company and, you know,  
20 that's not a secret. Also the other lien holder that the  
21 ban approved for 2425 WL to have a lien at closing.

22 MR. FITZMAURICE: So, you know, I'll move to  
23 strike the answer as nonresponsive.

24 THE COURT: I'll sustain the objection.

25 BY MR. FITZMAURICE:

1 Q The Debtor scheduled a general unsecured claim for you  
2 of about \$6.7 million, correct?

3 A Yes, that's correct.

4 Q And you believe the Debtor owes you \$6.7 million on  
5 account of that lien?

6 A That is pending the --

7 Q Yes or no? Does the Debtor owe you \$6.7 million on  
8 account of the claim that it scheduled?

9 A Subject to the disputed settlement agreement and I can  
10 discuss that.

11 Q I'm not interested --

12 A Yes, sir.

13 Q Yes, you believe that the Debtor owes you that amount,  
14 that amount of money?

15 A Which at the creditor hearing, we explained to you that  
16 --

17 Q Sir, yes or no.

18 A Yes.

19 Q Do you believe the Debtor owes you that money?

20 A Yes.

21 Q Okay. Do you also believe the Debtor owed Jetall about  
22 \$2.4 million?

23 A Yes, that's --

24 Q And you also believe the Debtor owns your other entity  
25 2425 WL, \$25-ish million on account of its junior lien?

1 A On account of what was on the closing statement the  
2 bank approved, plus the accrued interest which is accounted  
3 for. Yes.

4 Q Has the -- has that entity filed a claim in either case  
5 indicating the amount of that interest?

6 A I believe we provided some information to Mr. Baker  
7 who's provided Ms. Whitworth, but I'm not sure what's been  
8 filed as far as the breakdown, but it's on the closing  
9 statement when the loan was made.

10 Q I'm not asking about when the loan was made. I'm  
11 asking now --

12 A Yes, sir.

13 Q -- in the first bankruptcy case, 2425 filed a proof of  
14 claim, correct?

15 A I did.

16 Q And Mr. Darjean signed that proof of claim, correct?

17 A I believe he did, yes.

18 Q And the proof of claim accounted for both the principal  
19 amount of what 2425 WL believes is the loan as well as  
20 interest, correct?

21 A Yes.

22 Q And that proof of claim doesn't include any breakdown  
23 of principal or interest, does it?

24 A I don't know if it has a breakdown or not. I think,  
25 based on the amount that was owed, we disclosed it on there



1 and I believe the Bank of Kuwait has disclosed what they  
2 believe they're owed including interest and principal. And  
3 so we --

4 Q I'll agree with you there, sir.

5 A We did the same thing, what 2425 (indiscernible).

6 Q How much do you think the property is worth?

7 A Well, I, as you know, we had a couple of offers. We  
8 had a contract --

9 Q Sir, how much do you think the property is worth?

10 A Well, right now, I don't have an opinion as I sit here  
11 today, because we have signed -- are signing additional  
12 leases. We have the Dole family --

13 Q Okay.

14 A -- taking --

15 Q The answer is that you don't know. That's fine, sir.  
16 Again, Mr. Baker can ask you whatever further questions are  
17 necessary or appropriate. The answer is, you don't know how  
18 -- you don't have an opinion as of today?

19 A I've seen a report from Cushman & Wakefield that the  
20 Bank of Kuwait did.

21 Q I have, too. That's an appraisal that Cushman did,  
22 correct, sometime last summer?

23 A In July last year, about six months ago.

24 Q Yeah, and that was right before the then scheduled  
25 foreclosure sale on July 5th?

1 A I don't know when -- I believe the date of the  
2 appraisal is July. I don't know the exact date in July.

3 Q And the Debtor's first bankruptcy case was filed on  
4 July 5th, correct?

5 A July 5th, yes.

6 Q And that was the date of the scheduled foreclosure  
7 sale?

8 A It was, yes.

9 Q And the Debtor's second bankruptcy case was filed on  
10 December 5th?

11 A December 5th.

12 Q Also the date of the scheduled foreclosure sale?

13 A Yes.

14 Q Do you recall what the value of the property was in the  
15 Cushman & Wakefield appraisal?

16 A Eighteen -- I think there were two values. One is 18.  
17 One is 6 million and there was another one that's 16  
18 million. That's a liquidation value.

19 Q And do you recall that the appraisal was based on  
20 leases that were in place a year or two prior?

21 A I'm not aware. I believe that there is a -- I believe  
22 Ms. Whitworth took a deposition or there may have been a  
23 deposition that Mr. Wetwiska took.

24 Q Sir, if the answer is you're not aware, that's --

25 A -- trying to think. (indiscernible). I don't recall.

1 I'd have to go back and look.

2 Q Well, then let me ask you -- let me ask it to you this  
3 way. Is it your view that since July 2023, the Debtor's  
4 financial position has improved?

5 A Since July 2023, yes.

6 Q And is that because the Debtor in -- according to you  
7 has entered into a whole bunch of brand new leases?

8 A That is absolutely a significant part.

9 Q And so those -- and those new leases would drive up the  
10 value of the property, correct?

11 A Yes.

12 Q So, why does the plan that you signed last night still  
13 use the old liquidation value from the Cushman & Wakefield  
14 appraisal?

15 A Because that is the latest value reviewed and it's -- I  
16 can talk about it, but without getting into what Mr. Baker  
17 and I discussed, you know, we've -- I believe we've even  
18 offered more than that to you, but it's not been accepted.  
19 So, the plan is -- and I believe that there's some errors in  
20 the plan that I just noticed, too.

21 Q Well, the question (indiscernible) filed before the  
22 hearing today, so it's understandable that there might be  
23 some typos or other errors.

24 A No, we've been working on the plan for about a month  
25 and the typo was Class 7 versus Class 6.

1 Q And so basically, because the testimony from Mr.  
2 Darjean where he testified that the insider claim was going  
3 to be paid in full in eight months, now that's a typo  
4 (indiscernible) should be --

5 MR. SATHER: Objection, Your Honor. That's  
6 misstating the testimony.

7 THE COURT: I'll sustain the objection. Thank  
8 you.

9 THE WITNESS: So, I think --

10 BY MR. FITZMAURICE:

11 Q There's no question pending. Sorry. The Court  
12 sustained the objection to my question, So, my question is,  
13 why does the Debtor use -- you signed the plan and  
14 disclosure statement that were filed last night?

15 A I did. Yes, sir.

16 Q So, why is it that the plan uses the old Cushman &  
17 Wakefield appraisal which is by definition stale, since the  
18 Debtor has entered into a whole bunch of new leases for the  
19 property? Why is that the right value?

20 A You know, I don't know if that's the right value.  
21 Don't know. I don't know as I sit here. I mean, I believe  
22 that is the latest report we had seen, which is six months  
23 old, and Mr. Baker made sure (indiscernible) the office  
24 market (indiscernible) and the amount of funds to inject to  
25 make all this work. And since then, we have hired --

1 MR. FITZMAURICE: Again, move to strike, Your  
2 Honor --

3 THE COURT: Just object to being nonresponsive --

4 MR. FITZMAURICE: Object to nonresponsive.

5 THE COURT: I'll sustain the objection. Thank  
6 you. This will go a whole lot quicker and you'll impress me  
7 a whole lot more if you listen to the question --

8 THE WITNESS: Sorry.

9 THE COURT: -- and you answer directly.

10 THE WITNESS: Sorry.

11 THE COURT: If you don't, you're just going to  
12 make me mad. You're going to make him mad. And Mr. Baker  
13 has every opportunity to ask every question he wants to and  
14 he's longwinded. I know he will. Okay? So, listen to the  
15 question and answer. Go ahead.

16 BY MR. FITZMAURICE:

17 Q Do you understand, Mr. Choudhri, that if the value of  
18 the property was higher, that the Debtor would have to make  
19 larger payments to National Bank of Kuwait under the  
20 proposed plan?

21 A I'm not aware of that. I'm not aware of  
22 (indiscernible).

23 Q Whatever payments the Debtor is making, those are all  
24 coming out of your pocket, right?

25 A No.

1 Q They're coming out of the equity owner of the entity of  
2 the Debtor, which is an entity that you also own?

3 A Well, the Debtor is not advancing the funds. That is  
4 true.

5 Q Who is?

6 A Well, this is something we spoke to Ms. Whitworth about  
7 and if I --

8 Q Sir, who is?

9 A It is an affiliate and the concern, candidly, as you  
10 know, with the people we're in communication with attacked  
11 the people that are investing --

12 MR. FITZMAURICE: I don't know anything of the  
13 sort. Objection as nonresponsive.

14 THE COURT: I'll sustain the objection. Thank  
15 you. Listen to the question and answer, sir. You're not  
16 making any friends with me.

17 THE WITNESS: Sorry. Is there a way I can  
18 disclose that in camera?

19 BY MR. FITZMAURICE:

20 Q There's no question pending, sir.

21 A Okay.

22 Q The proposed equity funding under the plan is being  
23 contributed by an affiliate of the Debtor, correct?

24 A Yes.

25 Q And that is an entity that you have control over,

1 correct?

2 A No.

3 Q Who does?

4 A A family member.

5 Q Of yours?

6 A Yes, sir.

7 Q What interest do you have in the entity that is funding  
8 the plan?

9 A I don't.

10 Q It's your family member who is responsible for making  
11 the payment under the plan. Yes?

12 A Yes, the --

13 Q The payments that were required to be made to the bank  
14 are large -- are higher because the value of the property is  
15 higher, then that family member would have to come out of  
16 pocket more money, correct?

17 A Sure. They're an investor. It's -- sorry. Yes.

18 MR. FITZMAURICE: Nothing further, Your Honor.

19 THE COURT: Thank you.

20 THE WITNESS: I apologize.

21 THE COURT: Mr. Baker?

22 MR. BAKER: I'm going to reserve my questions to  
23 my case.

24 THE COURT: All right. Ms. Whitworth.

25 CROSS EXAMINATION OF ALI CHOUDHRI

1 BY MS. WHITWORTH:

2 Q Good afternoon, Mr. Choudhri. I'm Jana Whitworth. We  
3 spoke on the phone, but I think this is the first time we  
4 get to meet face to face. Nice to meet you.

5 A Yes. How are you?

6 Q Good. As you heard me in my opening statement, my  
7 client is United States Trustee and his concern is the  
8 apparent lack of a fiduciary to stand in the shoes of the  
9 Debtor to look out for the best interests of the Debtor.  
10 And it's my -- let me pull my spreadsheet out. I pulled up  
11 the prior case, the Victoria case, and looked at the proofs  
12 of claim that had been filed, and there's been discussion  
13 about the 690 that you filed a proof of claim individually.  
14 And then, there was a proof of claim on behalf of -- bear  
15 with me -- Jetall companies in the amount of 2,204,801 and  
16 then the 2425 WL LLC as a second lead of 25 million for a  
17 total, it looks like a total of \$34 million of claims that  
18 you or your entities -- that entities that you own have  
19 claims of \$34 million against the Debtor. Does that sound  
20 about right?

21 A Yes.

22 Q Okay. And if there were questions about the  
23 calculation of how those numbers were calculated, the bases  
24 of those, the legality, if those claims are legal, if  
25 there's defenses against those claims, if there's setoffs



1 against those claims, who would stand in the shoes of the  
2 Debtor to fight you and your entities about those issues?

3 A I believe it would be me, but I would be willing -- Mr.  
4 Baker, he's reviewed everything, feels comfortable with  
5 everything. I've also made a statement and I stand behind  
6 it. I'm willing to have all of those affiliated claims  
7 being subordinate to everybody else and be at the last of  
8 the line.

9 Q That's not answering my question. Would you -- would  
10 that be you or would you appoint a CRO? They've mentioned a  
11 CRO.

12 A Yes. Yes, ma'am. Yes, ma'am. I am absolutely fine  
13 bringing in a chief restructuring officer and I think that  
14 was a discussion that was had and believe there's a motion  
15 to filed and we started that process.

16 Q And would you be willing to, as part of the agreement,  
17 number one, pay for it? Would you --

18 A Yes.

19 Q -- deposit funds into an account that the Court would  
20 approve to be billed against, like a retainer or something,  
21 to be billed against by the -- a CRO if the Court so  
22 appointed one?

23 A Yes.

24 Q And would you enter into an agreement with the CRO that  
25 would basically put them as a fiduciary and terminate your

1 ability to sign? Basically, he would stand in your shoes as  
2 the manager of the Debtor.

3 A I'm not sure if I understand all of that. What was  
4 explained to me by Mr. Baker was someone else coming in,  
5 chief restructuring officer reviewing everything and even if  
6 there are claims that are there, then I believe the Debtor  
7 could sell those claims and auction those claims, if they  
8 are real claims and legitimate.

9 Q Let me interrupt you. That's really not what I'm  
10 asking you. What I'm asking you is, what if the CRO, for  
11 instance, let's say your claim for either 960,000 or 6.7  
12 million, and decides that that's a fraudulent claim and --  
13 would you -- do you understand that the CRO would have the  
14 ability to file an objection and litigate the validity of  
15 that and the amount of that claim?

16 A I absolutely get that. And I wouldn't have an issue  
17 with that. I would not have an issue that -- if I may --  
18 sorry. There's no question. I was going to say something,  
19 but stopped.

20 MS. WHITWORTH: Okay, thank you. Judge, I don't  
21 have any other questions at this time.

22 THE COURT: Thank you. (indiscernible) Mr.  
23 Sather?

24 MR. SATHER: No questions at this time, Your  
25 Honor.

1 THE COURT: All right. So, anything  
2 (indiscernible) Mr. Fitzmaurice?

3 MR. FITZMAURICE: No, nothing further, Your Honor.

4 THE COURT: All right. You may step down, sir.  
5 I'm not sure if you're excused or not. You may be called  
6 again, but you can step down.

7 Mr. Fitzmaurice, you have another witness?

8 MR. FITZMAURICE: We have nothing further, Your  
9 Honor.

10 THE COURT: All right, thank you. You rest. Mr.  
11 Baker?

12 MR. BAKER: Your Honor, I'd ask the Court at this  
13 point in time to consider denying the motion. There has  
14 been, as far as I can tell, no proof that meets any of the  
15 requirements for cause, number one. Number two, the Debtor  
16 has testified that he is agreeable to getting a CRO and  
17 understands a CRO will have control of everything. That CRO  
18 would be an independent fiduciary. There are basically two  
19 bases that the that National Bank of Kuwait put forward for  
20 the conversion.

21 Number one is substantial diminution of value.  
22 That's solely based on tax liens and there are only two  
23 years of tax liens that are outstanding, and we have a case  
24 (indiscernible) dramatically over the years, and that --  
25 those are included in the plan.

1           Number two, there was these allegations that the  
2 Debtor cannot confirm a plan. Well, there's been no proof  
3 that the Debtor cannot confirm a plan, at all. None put on.  
4 And they've got the burden of proof to show that there is  
5 cause to do it. So, Your Honor, I believe that if the Court  
6 would order the Debtor to move forward to get a CRO  
7 appointed and pay for it, that there's no -- I don't see any  
8 reason for this. I don't think they've put on any evidence  
9 at this point in time to meet (indiscernible).

10           THE COURT: I would disagree with you in that  
11 regard for a number of reasons. The schedules are a mess.  
12 The plan that's filed, basically has a typo in it that's  
13 pretty substantial. Mr. Darjeon is not a very believable  
14 witness. He knows as little, as much -- I mean, his lack of  
15 knowledge is to this point somewhat appalling. Okay? So  
16 I'm going to disagree with you wholeheartedly. So, if you  
17 have something you want to prove up, please do so. So, I'm  
18 going to deny your motion.

19           MR. BAKER: Okay. All right. Okay, I'm going  
20 call Mr. Norris.

21           THE COURT: All right. Mr. Norris, please come  
22 forward. Please raise your right hand and be sworn. Do you  
23 swear or affirm to tell the truth, the whole truth, and  
24 nothing but the truth, so help you God?

25           THE WITNESS: Yes, I do.

1 THE COURT: Please be seated, sir.

2 MR. FITZMAURICE: So, Your Honor, we would object  
3 to Mr. Norris. He's not on their list. We don't know who he  
4 is, what he's here to testify about.

5 MR. BAKER: I think he's on the list.

6 THE COURT: Mr. Baker? Show me.

7 MR. FITZMAURICE: Isn't this theirs? Your Honor,  
8 I'm referring to the document that was filed at -- Document  
9 No. 88 on the docket.

10 THE COURT: (indiscernible) make a determination  
11 of what's going to go on (indiscernible).

12 MR. BAKER: Your Honor, it appears I made a  
13 mistake, did not list him.

14 THE COURT: All right, then he may not be called  
15 as a witness. Thank you. You may step down, sir. Thank  
16 you. I sustain the objection. Mr. Baker, next witness.

17 MR. BAKER: Call Mr. Choudhri.

18 THE COURT: Mr. Choudhri, come on up. You're  
19 still under oath. I promised you'd get an opportunity to  
20 tell your story. Now, it's your time. You're under oath.  
21 Just have a seat. Thank you.

22 THE WITNESS: (indiscernible).

23 That goes to Mr. Baker. That's the only --  
24 question, answer. That's the way this works. Go ahead, Mr.  
25 Baker.

1 MR. BAKER: Does it matter if I sit here or --

2 THE COURT: Why don't you do it from the podium,  
3 please. It's just easier for me to track. The podium is  
4 turned on.

5 DIRECT EXAMINATION OF ALI CHOUDHRI

6 BY MR. BAKER:

7 Q Okay, Mr. Choudhri, let's start off with the tax liens.  
8 There's an argument that the Debtor has not paid any taxes  
9 since 2019. What taxes have not been paid to the taxing  
10 authority at this point in time, that you're aware of?

11 A The taxes for this year have not been paid.

12 Q Okay. And '22 and '23?

13 A Yes, sir.

14 Q Okay. And in fact, the three taxing authorities have  
15 filed claims that only show '22 and '23 taxes as being  
16 unpaid; is that your understanding?

17 A Yes.

18 Q The City of Houston, Houston ISD, and the Houston  
19 Community College System; is that right?

20 A Yes.

21 Q Okay. So, the argument that you have -- the tax that  
22 the Debtor -- the taxes haven't been paid since 2019 is not  
23 correct, is it?

24 A No.

25 Q Okay. So there is a statement that continues to be

1 made that the Debtor's not paid the taxes. Well, who  
2 actually paid some of those taxes?

3 A I paid the taxes.

4 Q Okay. So, as a matter of fact, you pay taxes for '20  
5 and '21, correct?

6 A Not correct.

7 Q Okay.

8 A There was a brief (indiscernible) with Sonder. The  
9 bank approved it (indiscernible) said we're in default and  
10 the lease is null and void because it wasn't approved in  
11 writing. Once we (indiscernible). This is an 84,000 square  
12 foot lease. At that point, a loan needed to be obtained to  
13 pay the taxes and so there was a loan obtained by the Debtor  
14 with Caz Creek.

15 Q Okay.

16 A And that happened a couple of times, and then the  
17 largest tenant went bankrupt, a 200,000 foot tenant, and the  
18 building essentially was vacant as it was when I bought it  
19 the first time in 2012. And once the largest tenant filed  
20 bankruptcy and rejected the lease and the building was  
21 empty, that's when I got more hands involved and started  
22 leasing up the building, getting tenants, but we were not  
23 getting any approvals, zero approvals on any leases, and we  
24 weren't getting any subordination (indiscernible) that  
25 tenants required. (indiscernible) lots of large leases that

1 we weren't able to be (indiscernible). And so that then led  
2 to the lawsuit, the settlement, and the bank has taken a  
3 position the settlement doesn't exist anymore. Since the  
4 last year, we (indiscernible).

5 Q Let me back up. Let me kind of catch up. 2020 and  
6 2021 tax liens were signed -- you owned the tax liens before  
7 the settlement with the National Bank of Kuwait, correct?

8 A Yes.

9 Q And you assigned those -- so they were paid. Those  
10 taxes had been paid and there was tax lien --

11 A Yes.

12 Q By Caz Creek, I guess was one of the entities. You  
13 bought them from the taxing -- the lender that had made the  
14 claim.

15 A Yes, I bought them. Yes.

16 Q And you assigned those over to the National Bank of  
17 Kuwait?

18 A Pursuant to a settlement agreement with the Bank of  
19 Kuwait. Yes.

20 Q Okay, so '20 and the '21 taxes have been fully paid.  
21 Right now, the National Bank of Kuwait owns those liens,  
22 right, or at least in theory?

23 A Right. That's the confusion, because --

24 Q Okay, just, let me ask you this. So, there's a claim  
25 listed in the schedules by you for about \$6.7 million for



1 tax liens.

2 A Correct.

3 Q Why do you say -- why list that in the schedules?

4 A Because the bank's position is the settlement agreement  
5 and it's on the record in a Court hearing that they made  
6 that representation, and I think they attached it as an  
7 exhibit. It's on June the 12th, 2023 that the settlement  
8 agreement doesn't exist any longer and so it's our position  
9 if it doesn't exist they don't get to keep -- if that  
10 agreement doesn't exist, we don't get to keep the tax liens.

11 Now, if the agreement exists, then I believe that --  
12 and if they're not in breach of the settlement agreement, I  
13 believe the tax liens are theirs because I assigned the tax  
14 liens. There is a loan agreement would with Caz Creek and  
15 the Debtor and the tax lien -- the tax loans had a amount  
16 that that has a (indiscernible) in it, so we calculated that  
17 amount on the proof of claim.

18 Q Okay.

19 A But that is based on the -- I don't believe I am owed  
20 that, if the settlement is complied with and the settlement  
21 agreement exists. But because the bank took that position,  
22 we then -- I took the position that well, then the  
23 settlement agreement doesn't exist you don't get tax liens.

24 Q So, there was a representation made to the state court  
25 the settlement agreement had been breached or that it just

1 did not exist?

2 A This -- the representation I read several times by Mr.  
3 Conrad, Mr. Patrick's partner, is that the settlement  
4 agreement doesn't exist anymore. It doesn't exist. It's  
5 gone. It doesn't exist. And that's -- and even after that,  
6 we -- I have evidenced where we we're prepared to wire and  
7 fund the settlement and --

8 MR. FITZMAURICE: Objection, Your Honor. If  
9 there's documentary evidence -- if there's documentary  
10 evidence of a wire or something else that's -- then it  
11 should be here. The witness' testimony concerning some  
12 document that may or may not exist is not useful to the  
13 Court.

14 THE COURT: I'll sustain the objection. Go ahead.  
15 BY MR. BAKER:

16 Q Okay. Let's go back to the taxes. Back to the taxes.  
17 The tax liens for -- the taxes for '20 and '21 were paid and  
18 then you bought those tax liens, so those were fully paid,  
19 right?

20 A Yes. Assuming that they were (indiscernible) the  
21 settlement agreement.

22 Q Well, no, no. The taxes were paid.

23 A The taxes were paid.

24 Q Tax lien you conveyed to National Bank of Kuwait in --

25 A Yes.

1 Q -- in settlement?

2 A Yes, sir.

3 Q From your perspective, the National Bank of Kuwait has  
4 taken the position that the settlement agreement no longer  
5 exists. They didn't argue it was breached, but they said no  
6 longer exist, so it's your position if that's the case then  
7 those tax liens should come back to you?

8 A Correct.

9 Q Okay. So that's why in the schedules there's listed  
10 that amount of the tax lien? Is that how that got there?

11 A Yes.

12 Q Okay, and you when through (indiscernible), so did the  
13 tax lien documents provide for a payment over time?

14 A Yes.

15 Q Okay, and approximately how long, you recall -- if you  
16 recall?

17 A I think it was 10 or 15 years. It's between the Debtor  
18 and Caz Creek.

19 Q Okay. And so if the tax liens are paid off early, is  
20 there additional amounts are owed?

21 A Yes, unless that's waived.

22 Q Okay. So, you did a calculation based on the  
23 documents, the tax lien that you owned to come up with the  
24 6.7 million?

25 A Correct.

1 Q Now --

2 A -- number unless it's waived, then it's a lower number.

3 Q Okay. So now, Ms. Whitworth showed you a proof of  
4 claim that was filed that had amount for bond, \$986,000. Is  
5 that --

6 A Nine sixty.

7 Q Nine sixty, okay. Let me ask you, what is that about?

8 A When the Debtor obtained the settlement agreement, in  
9 the settlement agreement, I funded it, advanced \$960,000.  
10 And there's -- well, let me back up. There were a series of  
11 payments made to the registry of the Court that I advanced  
12 for the Debtor in the state court case.

13 And then once the settlement agreement was reached, the  
14 bank wanted additional payments and they wanted me to sign  
15 off on transferring those funds to them as a down payment  
16 towards the option to purchase the note from them in the  
17 settlement agreement. And so those funds were advanced to  
18 the Debtor under the settlement agreement, which included  
19 the funds for the bond that I advanced, which totaled  
20 960,000.

21 Q So that's --

22 A Which is a credit off the loan amount --

23 Q That's separate and apart from the tax liens; is that  
24 right?

25 A they're two totally separate things, so there's three

1 related -- let me see, four related. One is the selling  
2 entity, which is 2425 WL which is the second lien holder.

3 Q Okay.

4 A which is reflected on the closing statement that the  
5 bank approved when the loan was obtained. And then the  
6 second item is the tax lien. That's the -- on the proof of  
7 claim. And the third one that's different is the advance  
8 that I made for the 960,000, which is for the bond that I  
9 paid for the Debtor in the Court, in the -- under the  
10 settlement agreement.

11 Q Okay.

12 A And there are some documents they've attached that,  
13 that I think will be helpful, that they recently attached to  
14 exhibit, too.

15 Q Okay. Okay, so --

16 A So, the 960 is different than the tax lien. They're  
17 two separate -- different, and I have proof of those wires  
18 and all of that.

19 Q Okay. So let's go back to claim for WL, about 20 --  
20 about \$25 million.

21 A Yes.

22 Q How did that originate and where did that come from?

23 A So, twenty -- so Mona Dajani with Pillsbury and our  
24 attorney, Bruce Merwin with Holland and Knight, back when in  
25 2018, there were a series of lis pendens filed a guy named

1 Osama Abdullatif through this -- he got an (indiscernible) a  
2 divorce case that four years later got finalized with the  
3 Court finding that I was already divorced in 2012.

4 So, in 2015, this woman named Hera Azar through Osama  
5 Abdullatif filed a lawsuit and lists 39 companies, all my --  
6 a bunch of my entities, family members, and 2425 property  
7 had a lis pendens and when the Bank of Kuwait wanted to  
8 finance this property, Mona Dajani through the Bank of  
9 Kuwait, the attorney and my attorney, they wanted to not  
10 structure it as a refi, but a -- but set up a newco because  
11 the divorce was not over in 2018. The divorce did end. I  
12 didn't have my final judgment until 2019 when the Court  
13 found I'm divorced as of 2012.

14 So I was under this cloud where someone was claiming  
15 they were married to me and they weren't, and I had all  
16 these lis pendens on all these properties that we had gotten  
17 expunged but she would keep filing it again. So the bank  
18 wanted -- so the bank reviewed all of this and they reviewed  
19 the files and I have all of this evidence, I think. Again,  
20 I'm sorry, I didn't think we were getting into all of that  
21 today, but I know they discussed it.

22 So at that point, the bank structured the deal and  
23 there is a loan memo that the bank provided us that they  
24 use, that they did before they closed the loan that broke  
25 all the -- a lot of the structure down, and so that's when

1 Galleria 2425 Owner was established and 2425 WL sold the  
2 property to Galleria 2425 Owner in 2018. And the bank's  
3 appraisal at the time was I think 101 million and the loan  
4 was around 50, I believe.

5 And then there were several million they held in escrow  
6 for interest reserves, which we have an issue with how that  
7 was exhausted and spent. Now, we haven't done an accounting  
8 of that, which is one of the issues. But in 2018, there is  
9 a seller carry for \$14.8 million and that is the second  
10 lien, so that was the seller that sold the property to the  
11 Galleria 2425 Owner.

12 And when you look at the closing statement that the  
13 bank approved, it's on there and all the cash from the  
14 transaction came from that, from that 2425. And so that's  
15 all reflected on there. So, that's how the second week came  
16 to be on the 2425 (indiscernible) the property.

17 Q Okay, so --

18 A So, it's about 14.8 million plus interest and on proof  
19 of claim, Ms. Whitworth, I think, is right. It was not  
20 broken down or, I think it was Mr. Fitzmaurice.

21 Q Okay. So, let me kind of tie into that. You were  
22 shown Section 8.5 of the plan that was filed.

23 A Yes.

24 Q -- had 2425 WL's claim being treated in Class 6, which  
25 says it's going to get 100 percent payment. Is that

1 correct?

2 A I believe it should say Class 7.

3 Q Okay.

4 A (indiscernible).

5 Q So, Class 6 was the vendors and materials, the work on  
6 the building, right?

7 A Correct, yes.

8 Q Class 7 is just the total general unsecured claims?

9 A Yes.

10 Q So, you've agreed that the claim of 2425  
11 (indiscernible) treated in Class d7?

12 A Yes.

13 Q Under Class 7. Now, and you were planning going back  
14 and fixing that in the plan; is that correct?

15 A Correct. Yes.

16 Q Okay. Okay. Now, there were some discussions about  
17 issues in the schedules. It may not be completely  
18 consistent, right? Are you planning on going back and  
19 getting those complete?

20 A Yes. Absolutely. If there's any issues, we should fix  
21 those.

22 Q Okay. Now, with regard to the property, there's -- the  
23 allegations are that there's a significant diminution in the  
24 value of the property because the taxes (indiscernible).

25 Okay? You understand that, right?



1 A Yes, I heard that.

2 Q Okay. And two taxes have not been paid are '22 and

3 '23. Those are both included in the plan; is that correct?

4 A Yes.

5 Q And from your perspective, those will get paid, right?

6 A Yes.

7 Q Okay. This is Exhibit 88-1. See that?

8 A Yes.

9 Q You recognize that?

10 A I do.

11 Q Okay, and what is that?

12 A This is a projections a CPA has been working on for  
13 about a month now.

14 Q Did you work with them significantly to put these  
15 together?

16 A I did. I actually did, and he interviewed tenants and  
17 --

18 Q Okay.

19 A -- investors.

20 Q And so you've looked at these and you believe at least  
21 from the perspective of presenting revenues and expenses  
22 right now, those are correct?

23 A Yes.

24 MR. BAKER: Okay. Now, Your Honor, I'd like to  
25 move to admit 88-1.

1 THE COURT: Any objection to 88-1?

2 MR. FITZMAURICE: Your Honor, yes, we object on  
3 the basis we don't understand where any of the information  
4 in here comes from. There are no underlying documents to  
5 support any of the numbers on here. So, we're not sure  
6 where any of this, where any of it comes from, and it's  
7 being offered for -- it seems to be being offered for the  
8 truth that this is -- that these numbers are real and  
9 they're actually going to happen. The Debtors are going to  
10 make this money. There's no basis in evidence for us to say  
11 that.

12 MR. BAKER: Your Honor, these are projections.  
13 These are not (indiscernible).

14 THE COURT: Let's do this. Tell me where the  
15 projections came from, lay a better predicate, and then I'll  
16 admit them as projections only.

17 MR. BAKER: Okay.

18 THE COURT: Let's do something more than you've  
19 done relative to laying some sort of foundation.

20 MR. BAKER: Okay. Okay.

21 BY MR. BAKER:

22 Q Mr. Choudhri, these projections, the information for  
23 these projections, where did that come? Let me ask you.  
24 Did you provide the information to help put these together?

25 A I did.

1 Q Okay. And you reviewed all the information that you  
2 provided to Mr. Norris to help put these together; is that  
3 correct?

4 A That's correct.

5 Q Okay. And so, you looked at all that information, you  
6 believe, and understood that all to be true and correct at  
7 the time?

8 A Yes.

9 Q Okay. Now, you provided this information to Mr.  
10 Norris?

11 A Yes.

12 Q And he put it together. Did you review that after he  
13 put it together?

14 A I did.

15 Q Do you help him make changes and corrections to it  
16 after it was put together?

17 A Yes.

18 Q Okay. And so, you worked with Mr. Norris based upon  
19 all the information from your books and records of the  
20 company, the management company for the property, put this  
21 together?

22 A Yes.

23 Q And in doing that, does that include all the current  
24 (indiscernible) the property?

25 A yes.

1 Q Okay. And did you look at the amounts being paid under  
2 the current leases?

3 A Yes.

4 Q And when the tenant improvements and rate concessions  
5 would fall off?

6 A Yes.

7 Q And then, did you also look at potential future leases?

8 A Yes.

9 Q Okay. And so you provided the information on the  
10 future leases to Mr. Norris?

11 A I did.

12 Q And that was all based upon your information as far as  
13 your belief, as far as what's going to happen in the future?

14 A Yes.

15 Q Okay. And then from your knowledge, did Mr. Norris  
16 verify any of these number?

17 A Yes, he did.

18 Q Okay. And --

19 A Independently verified them.

20 Q Okay. So, he talked to prospective tenants and current  
21 tenants and other things that he did to verify the numbers?

22 A Yes.

23 Q Okay. And you also look at it again and verified the  
24 numbers?

25 A Yes.

1 MR. BAKER: Okay. So, Your Honor, I would  
2 (indiscernible) admit exhibit now.

3 MR. FITZMAURICE: So, objection again, Your Honor.

4 THE COURT: Which -- first of all, you said  
5 exhibit. You've got to tell me which exhibit number it is.

6 MR. BAKER: Okay, 88-1.

7 THE COURT: Now I'll hear your objections.

8 MR. FITZMAURICE: So, two, Your Honor. One is Mr.  
9 Baker asked the witness whether the information was based on  
10 the books and records of the management company, not the  
11 Debtor. Secondly, if this information is based on leases or  
12 other contracts, why don't we have them? Why aren't they  
13 here, being introduced in evidence, if any of this  
14 information is based on existing contracts or commitments or  
15 letters of intent or anything else? If there's an agreement  
16 that supports this, the Court should have it in front of it  
17 so it could be examined.

18 THE COURT: All right, so here's what I'm going to  
19 do. I'm going to admit 88-1 as a projection. I think all  
20 of the objections have been made by the bank's counsel  
21 probably more to weight and at this point in time, given  
22 what's on the paper, I'm not sure it has much weight, but  
23 Mr. Baker, I'll let you do whatever you want to do relative  
24 to cleaning that up. So, it's admitted.

25 (Exhibit 88-1 entered into evidence)

1 MR. BAKER: Okay.

2 BY MR. BAKER:

3 Q Okay, Mr. Choudhri. What is the current occupancy of  
4 the building with tenants who have signed leases,  
5 approximately?

6 A Seventy percent.

7 Q Okay. Now, are all those tenants currently paying  
8 rent?

9 A No.

10 Q Okay. And why not?

11 A There are concessions, free rent periods for  
12 (indiscernible) tenants, tenant improvement allowances.  
13 Tenants are allowed to build out their space, things of that  
14 sort. So, it doesn't kick in at the same time. There is a  
15 schedule that that does kick in as the concessions burn off.

16 Q Okay. And did you help put a schedule together or did  
17 you get a schedule of rent payments?

18 A That's based on the leases.

19 Q Okay.

20 A And it's based on -- the projections are also based on  
21 Regis taking two floors. There's also another tenant that's  
22 a biotech company and their representative is here today.  
23 They own (indiscernible) and they're taking significant  
24 space as a biotech company (indiscernible).

25 Q Okay. So, let's go back to Regis. Have you been

1 personally involved in trying --

2 THE COURT: Let me ask Mr. Choudhri a question.

3 So, if I understand your testimony, the base revenue also  
4 includes leases that have yet to signed?

5 THE WITNESS: No, Your Honor.

6 THE COURT: Well, that's what you've kind of said.  
7 So I want to make sure. So, I look at April 24, I'm looking  
8 at -- your screen's gone blank.

9 MR. BAKER: I'm sorry.

10 THE COURT: April '24, it shows 469,154 in base  
11 revenue.

12 THE WITNESS: I stand -- sorry. I -- my fault,  
13 Your Honor. I was not totally prepared to go over the  
14 projections because I didn't work on the projections, Mr.  
15 Norris did, and I thought he was going to --

16 THE COURT: That's the reason I'm asking  
17 questions.

18 THE WITNESS: So I apologize.

19 THE COURT: So bear with me. So, the 569 --

20 THE WITNESS: Can I --

21 THE COURT: No. I'm going to ask questions. Does  
22 the 569,154 base rent revenue include leases that have yet  
23 to be signed?

24 THE WITNESS: (indiscernible).

25 MR. BAKER: I'm sorry, Your Honor, I --

1 THE COURT: Mr. Baker, just -- I'm looking it up  
2 on the computer. He needs to put it back up.

3 THE WITNESS: Is it possible I can have a copy of  
4 it, Mr. Baker?

5 MR. BAKER: I'm going to pull it back up. Just a  
6 minute, here.

7 THE COURT: If he can't do it, I'll show it to  
8 you. So, look at April '24. It's at the very top.

9 THE WITNESS: April?

10 THE COURT: April '24, 569,154. Very top like,  
11 base rent revenue, April '24.

12 THE WITNESS: Yes, sir.

13 THE COURT: Okay. Does that include leases that  
14 have not yet been signed?

15 THE WITNESS: No.

16 THE COURT: Okay. How many leases are in the  
17 569,154?

18 THE WITNESS: How many? I would have to --

19 THE COURT: Do you know?

20 THE WITNESS: Yes. I just don't have --

21 THE COURT: If you know, tell me. If you don't  
22 know, don't tell me.

23 THE WITNESS: I can count them. We have two,  
24 three, four -- approximately seven. Seven or eight leases.

25 THE COURT: There's a big difference between seven



1 or eight when you're talking. Do you know how many leases  
2 that includes? Yes or no.

3 THE WITNESS: Not exactly, no.

4 THE COURT: Okay.

5 THE WITNESS: Without --

6 THE COURT: Bear with me. Listen to the question  
7 and answer.

8 THE WITNESS: Sorry.

9 THE COURT: It says, (indiscernible) and turnover  
10 vacancy of 156,929. How is that number projected, if you  
11 know?

12 THE WITNESS: I would have to look at the complete  
13 document.

14 THE COURT: If you know.

15 THE WITNESS: Not offhand.

16 THE COURT: Okay. Base rent abatements of  
17 286,950. Tell me what that is.

18 THE WITNESS: That's typically the rent  
19 concessions or sometimes tenants may use TI allowances.

20 THE COURT: How many of the leases have rent --  
21 base rent abatements in them?

22 THE WITNESS: Let's see. At least one, two, three  
23 -- three.

24 THE COURT: And how long do they go out?

25 THE WITNESS: I think the latest one

1 (indiscernible) about a year-and-a-half.

2 THE COURT: So, typically, they're what? How much  
3 of the rent?

4 THE WITNESS: Well, the -- well, it depends,  
5 because they vary. It's not a typical --

6 THE COURT: So, give me a typical rent abatement.  
7 What is -- how much is it?

8 THE WITNESS: So, a tenant may get \$30 in TI foot  
9 credit. A tenant could get up to \$100 a tenant  
10 (indiscernible) as is leases.

11 THE COURT: Okay. All right.

12 THE WITNESS: So, it's by the foot and we'll give  
13 those funds or they can use those funds to offset rents in  
14 lieu of those funds, Your Honor.

15 THE COURT: So, you're not building out any spaces  
16 and building that into the rent -- to the abatements rather  
17 than doing that.

18 THE WITNESS: Mostly we've been successful with  
19 that. We have, like, a tenant I believe that's on the phone  
20 is a tenant that will -- they have a \$300,000 TI that they  
21 would be (indiscernible) once they build out their space.

22 THE COURT: So they're paying for it and then  
23 you're crediting it back?

24 THE WITNESS: Yes, sir.

25 THE COURT: Okay. Go ahead, Mr. Baker.

1 MR. BAKER: Okay.

2 BY MR. BAKER:

3 Q Now, have you been involved in current lease  
4 negotiations directly?

5 A Absolutely.

6 Q Okay. What potential tenants have you been talking to  
7 about coming into the building?

8 A We have -- we've been in negotiations and we finalized  
9 an agreement that -- to lease two full floors of the  
10 building to a company called IWG, International Work Group.  
11 They're the largest work -- shared workspaces in the world,  
12 about 20 times the size of Wework. They've actually taken  
13 over some Wework spaces, centers, and their subsidiary name  
14 is Regis is (indiscernible) name that we know, but the  
15 parent company is IWG. So they're taking two floors spaces.  
16 I'm sorry, Signature Brand, which is the first Signature in  
17 Texas which is more higher end.

18 And then the other one is going to be Regis, which is a  
19 more standard. So that's a gentleman named Ed Castillo  
20 who's the managing director. And then the other one we have  
21 a Chinese company that's intestate stage in lease  
22 negotiation phase. Then there's a third lease which is a  
23 company called Vaxanix. They're a biotech company and they  
24 provided me information on them in the deck and it's a  
25 company owned by the Murdock family, the Dole family. And

1 they are committed and they (indiscernible) improved. Mr.  
2 Shah is their representative and they've approved to move  
3 forward on a lease as well.

4 Q Okay.

5 A Then there's additional leases. There's a 2,400 square  
6 foot space lease for a law firm. There is another company  
7 called Prismecs, P-R-I-S-M-E-C-S, plastics company. And  
8 there is a -- there's another small lease as well that we're  
9 working on. We've also had discussions to resolve and reset  
10 the lease with Sonder and that's not part of any of our  
11 projections, but that's a real possibility. That's the  
12 tenant that signed a lease and then because of COVID, they  
13 didn't move in, and when we are in negotiations to resolve  
14 that.

15 Q Okay. So on the lease, I'm going to back up a bit.  
16 One of your entities bought the building about 2012, '13?

17 A 2012, yes.

18 Q 2012. And at that time, who was the principal tenant?

19 A The main tenant in the building was a company called  
20 Blue Cross Blue Shield.

21 Q Okay. And then they -- after you bought the building  
22 or right around the same time, did they move out? What  
23 happened?

24 MR. FITZMAURICE: Objection. Relevance, Your  
25 Honor.

1 THE COURT: I'll sustain the objection.

2 MR. BAKER: Your Honor, this is -- I'm trying to  
3 establish --

4 THE COURT: I've sustained the objection, Mr.  
5 Baker. Move on.

6 MR. BAKER: Okay. Okay.

7 BY MR. BAKER:

8 Q So, when they moved out, okay, did you then start  
9 releasing the property again?

10 MR. FITZMAURICE: Same objection, Your Honor.

11 THE COURT: I'll sustain the objection again, Mr.  
12 Baker. I'm not really interested in what happened way then.  
13 I don't think it affects what I'm going to do now. Go  
14 ahead.

15 MR. BAKER: Okay. Okay.

16 BY MR. BAKER:

17 Q So big tenant (indiscernible) the property in stages,  
18 correct?

19 MR. FITZMAURICE: Same objection, Your Honor.

20 THE COURT: Again, Mr. Baker, I'm not worried  
21 about what happened in the past. We're here today. I'm  
22 worried about what's happening going forward.

23 MR. BAKER: Well --

24 THE COURT: I'll sustain the objection.

25 MR. BAKER: Okay. Okay.

1 BY MR. BAKER:

2 Q Okay, today, as you stand, the building is about 70  
3 percent occupied. If you get all of these other leases in  
4 place, what will the occupancy be at that point in time?

5 A Like 89 percent of what projecting, 85 to 90 percent.

6 Q Okay. Now, that occupancy rate with the amounts that  
7 are in the new leases, is it your opinion at that Debtor  
8 will have enough money to pay back under its proposed plan?

9 A Absolutely.

10 Q Okay.

11 A We've been successful with leasing up the building over  
12 the last 18 months.

13 Q So, how long have you been involved in leasing  
14 properties in buildings?

15 A I was (indiscernible) with my dad since I was -- I grew  
16 up going to RTC and (indiscernible) buying properties with  
17 him and he was my mentor. So I've been involved in over 50  
18 office buildings and buying, leasing up, selling,  
19 stabilizing. So, I've been doing this since -- for over 20  
20 years.

21 Q Okay. Do you recognize the front page that I put up on  
22 the screen?

23 A I do.

24 Q Where is that?

25 A This is --

1 MR. FITZMAURICE: Objection, Your Honor.

2 Relevance. 2018.

3 THE COURT: What's the relevance, Mr. Baker?

4 MR. BAKER: Your Honor, this gets back into  
5 National Bank of Kuwait's view of Jetall and the actions and  
6 the abilities of the Debtor and Jetall, principal Jetall,  
7 and Mr. Choudhri to lease properties which goes directly to  
8 the point of, can the Debtor confirm a plan and is the  
9 Debtor capable of doing this, and this really helps show --  
10 it is from 2018, but it shows what was going on in 2018 in  
11 respect to National Bank of Kuwait.

12 THE COURT: (indiscernible). I'm going to sustain  
13 the objection. Go ahead.

14 MR. BAKER: I'm sorry?

15 THE COURT: I'm going to sustain the objection.

16 MR. BAKER: Your Honor, I'll just go back and say  
17 part of this --

18 THE COURT: I don't want to -- I don't want to  
19 hear an argument with this. (indiscernible) question the  
20 witness.

21 MR. BAKER: Okay. Okay.

22 BY MR. BAKER:

23 Q So, Mr. Choudhri, with regard to your ability and  
24 Jetall's ability to lease these properties, what have you  
25 done in the past and recently to demonstrate your ability to

1 lease up this building?

2 A I believe we have a very good track record with leasing  
3 up this building. I have moved in lots of tenants. PC  
4 Partners (indiscernible) leases, so I believe we have a  
5 great track record. When I acquired the building through  
6 (indiscernible) entity, it was empty and it was very de-  
7 gentrified. It was a call center.

8 Spent over \$20 million to renovate and upgrade,  
9 upgrading the building, bringing it to code, fully  
10 sprinklering it, putting in the elevators, redoing the  
11 lobbies, and repurposing the building. We inverted the  
12 hallways. Signed the lease with Stage Doors, a 200,000 foot  
13 tenant, moved them in, signed several other leases, got --  
14 moved the bank in. Got the (indiscernible).

15 And when -- during COVID, we lost our largest tenant  
16 and the building's occupancy went down to 15 percent and the  
17 challenges that I had, it's a lack of cooperation with the  
18 banker approving any leases and even today, even as of last  
19 week, they're refusing to provide us any subordination for  
20 tenants and that is when we -- that, for the last few  
21 months, has affected, because tenants are concerned about  
22 moving into a building without an SNDA in the event there's  
23 a foreclosure.

24 MR. FITZMAURICE: So --

25 THE WITNESS: So, we've had lots of success



1 leasing up.

2 THE COURT: (indiscernible).

3 MR. FITZMAURICE: Objection. I didn't want to  
4 interrupt. Objection, Your Honor, with respect to hearsay  
5 concerning things that supposedly happened last week,  
6 conversations with tenants, information about SNDA --

7 THE COURT: I'll sustain the objection.

8 MR. FITZMAURICE: Thank you, Your Honor.

9 BY MR. BAKER:

10 Q Okay. You've been directly involved in leasing the  
11 property. Is Mr. Darjean involved in that also?

12 A Yes.

13 Q Okay. And so right now, the occupancy of the building  
14 stands about 70 percent signed leases?

15 A Seventy percent of signed leases, not including leases  
16 we are at the verge of signing.

17 Q Okay.

18 A One of them with a company known as Vaxanix which is a  
19 significant biotech company.

20 Q Okay. And so --

21 THE COURT: Mr. Baker, hold on for just one  
22 second. I don't know who's on the phone, but apparently the  
23 phone line hung up and there are people trying to connect,  
24 so let us dial real quick.

25 AUTOMATED VOICE: Hello. Please enter your six

1 digit -- welcome to (indiscernible) conference. Please  
2 enter -- we will now connect you to your call. There are  
3 four attendees of this conference.

4 THE COURT: Okay, go ahead, Mr. Baker.

5 BY MR. BAKER:

6 Q So, with regard to being able put forth a plan, it's  
7 your belief based upon your long history of being involved  
8 in leasing properties that you can get this building leased  
9 out and have more than sufficient revenue to cover the  
10 payments under the proposed plan? That --

11 A Absolutely, and I'm betting and really want it because  
12 I believe in it.

13 Q Okay. Now, the new tenants that you're talking to,  
14 from your perspective are they credit worthy?

15 A Absolutely.

16 Q Okay. Do you have any indication that they would not  
17 pay?

18 A No.

19 Q Okay. And to your knowledge, at least at this point in  
20 time, are all the current tenants who are in the property  
21 paying according to their lease terms?

22 A Yes, except one of the tenants is behind or concerned  
23 about the bankruptcy and the -- getting a subordination and  
24 if they're going to get their TI dollars.

25 Q So, what effect has the bankruptcy had on getting

1 tenants to move in?

2 A Without a reorganization is -- it's a very challenging  
3 market. So, it is really -- with the bankruptcy and without  
4 a path with a plan, -- you know, tenants are concerned of  
5 making a big investment in the building. If the Bank of  
6 Kuwait is going to foreclose. And without a subordination,  
7 you know, just a major concern of not getting leases, that's  
8 impacting lease up, for sure.

9 Q So, how quickly would you like to get to a confirmation  
10 hearing?

11 A ASAP. (indiscernible). My family member has deposited  
12 the funds in escrow in a bank account, earmarked for the  
13 plan, to fund the plan. So, as soon as we can get there, I  
14 would like to get there as soon as possible.

15 Q Okay. I've got a document in front of you, 88-12. See  
16 that?

17 A Yes.

18 Q Okay. Okay, so what is that?

19 MR. FITZMAURICE: Objection, Your Honor.

20 THE COURT: Let me look at it first. What's the  
21 objection?

22 MR. FITZMAURICE: I think the -- counsel would  
23 have to establish the witness' -- the basis for the witness'  
24 knowledge that this document -- what this document is that  
25 has no identifying marks on it whatsoever.

1 MR. BAKER: I was --

2 THE COURT: Mr. Baker, you can lay a predicate if  
3 you want to or try to lay a predicate if you want to.

4 MR. BAKER: Okay.

5 BY MR. BAKER:

6 Q Mr. Choudhri, what is this document?

7 MR. FITZMAURICE: Objection. That was the same  
8 question in the --

9 THE COURT: He can lay a predicate as to what it  
10 is, how he knows first.

11 MR. BAKER: Okay. Okay.

12 BY MR. BAKER:

13 Q How do you know about this document?

14 A This is a bank statement.

15 MR. FITZMAURICE: Objection.

16 THE COURT: He hasn't admitted -- asked it be  
17 admitted into evidence. He's got to lay a predicate first  
18 and then we'll go from there. Go ahead.

19 BY MR. BAKER:

20 Q Okay. It's a bank statement. Where did you get this  
21 bank statement?

22 A I obtained this bank statement from my mom.

23 Q Obtained from your mom. Okay. And it's a bank  
24 statement from what bank?

25 A Metro Bank.

1 Q Okay. And who put the money in the account?

2 A The funds belong to an entity that she owns.

3 Q Are any of these funds at all remotely coming from the  
4 Debtor?

5 A No.

6 Q Okay. So, these funds were funds of hers in an entity  
7 that she owns that has nothing to do with the Debtor?

8 A Correct.

9 Q Is that correct? Right. And so, you got this bank  
10 statement from your mother.

11 A Yes.

12 Q Why does it -- been blacked out, information on there?

13 A Because we have -- there's been a number of investors  
14 who have been concerned about the attack by this Ms. Zaheer  
15 and the bank and the situation with Osama Abdul Latif, and  
16 so --

17 MR. FITZMAURICE: Objection, Your Honor. Hearsay  
18 as to concerns by people.

19 THE COURT: I'll sustain the objection as to  
20 hearsay.

21 BY MR. BAKER:

22 Q Okay. Okay, so let's go back. This bank statement was  
23 -- how did you get this?

24 A She handed it to me.

25 Q Okay. Are you personally familiar with this account?

1 A Yes.

2 Q Okay. And so, are you personally familiar that at  
3 least on the date of this statement, this statement is  
4 correct?

5 A Yes.

6 MR. BAKER: All right. Your Honor, I move to  
7 admit 88-12.

8 MR. FITZMAURICE: So, objection, Your Honor.  
9 There's no basis for anyone to determine --

10 THE COURT: Foundation, hearsay. I'll sustain the  
11 objection.

12 MR. FITZMAURICE: Thank you, Your Honor.

13 THE COURT: It's not admissible this way, not  
14 through this witness.

15 MR. BAKER: Okay. Okay.

16 BY MR. BAKER:

17 Q So, let me ask you this. How much money does the  
18 Debtor have right now that's available that the Debtor plans  
19 on getting brought into the use of the Debtor's operation?

20 A Approximately two-and-a-half million.

21 Q Okay. And is that -- are those funds also supposed to  
22 come from your mother, an entity of your mother's?

23 A Yes.

24 Q Okay. And she is committed to making those funds  
25 available?

1 A Yes.

2 Q Okay. All right. And so, from the first -- these  
3 funds are available from the operation of the Debtor going  
4 forward. Approximately how long does that allow the Debtor  
5 to operate until it gets to a break even basis?

6 A I would have to look at the projections, but I believe  
7 we would be breaking even around month 12 or 13. There's  
8 one scenario, assuming with additional leases and one  
9 scenario without, and one scenario assuming we would  
10 discount some of the (indiscernible) leases as well, just as  
11 a stress test. So, it's anywhere from 11 or 12 months. I  
12 think there was one that would be as early as eight months  
13 and one that was as late as 25 months.

14 Q Okay.

15 A With a slower rent, but based on a kind of sensitivity  
16 to other analysis and the stress test of, kind of a  
17 balancing act of lease up, tenant improvements, and the  
18 liability of the credit worthiness of the tenants and right  
19 now, we have some very good tenants that we think are --  
20 like Regis would be -- could completely skew our  
21 projections, but if the building was what we anticipate, we  
22 could easily get to around -- to 8 million in revenue, but  
23 we've been very concerned with (indiscernible) not hit those  
24 numbers.

25 Q Okay. You said Regis would skew your projections. How

1 would it skew?

2 A Upward. We're not including lots of tenants that we  
3 believe we're going to sign. That -- we're not including  
4 those.

5 Q Okay.

6 A So, I think it could be -- I believe it's -- I believe  
7 it's very conservative. I believe it's going to be better.  
8 That's -- I'm very confident in that, being able to lease up  
9 its building and lease hundreds of thousands of square feet.

10 Q And you've owned a number of other buildings in the  
11 past; is that correct?

12 A Yes.

13 Q That you have rented out and currently renting out; is  
14 that right?

15 A Yes.

16 Q So, this is not the only building you're involved in?

17 A Correct.

18 Q Okay. Now, let's go back --

19 A But the most challenging part, office environment  
20 (indiscernible).

21 Q So, when you say the most challenging environment, from  
22 what perspective?

23 A Well, this particular building, challenges have been  
24 the Bank of Kuwait and the other challenges, there's a lot  
25 of office space and it's, you know, the office market is



1 definitely challenging, and buildings have to be repurposed  
2 quite a bit. And there's a lot of -- post COVID, there's a  
3 lot of people who don't want to go in the office anymore.  
4 So, those are factors that are definitely more challenging.  
5 So, you have to work way, way harder to get tenants than you  
6 did before COVID. And the challenging -- you know, not  
7 having cooperation, simple things like, we like a form SNDA  
8 for a tenant. That's definitely more challenges than I've  
9 faced before.

10 Q Okay. And when you say SNDA, what do you mean?

11 A Subordination, non-disturbance agreement. A lot of  
12 tenants require an SNDA from the lender and I've seen emails  
13 where we requested subordination agreement --

14 MR. FITZMAURICE: Objection, Your Honor. Hear --

15 THE COURT: Objection for -- it's okay to object.  
16 Could you tell me why you're objecting?

17 MR. FITZMAURICE: I'm sorry, yeah. Hearsay, Your  
18 Honor, as to the --

19 THE COURT: I'll sustain the objection --

20 MR. FITZMAURICE: Thank you.

21 THE COURT: -- hearsay. Thank you.

22 BY MR. BAKER:

23 Q Have you gotten any communications from the National  
24 Bank of Kuwait that they would agree to a subordination  
25 agreement with any tenants?

1 A No.

2 Q Okay. Have you asked your attorneys to request  
3 subordination agreement from the National Bank of Kuwait?

4 A Repeatedly.

5 Q Okay. To your knowledge, you've never gotten any  
6 responses, neither your or your attorney have ever gotten  
7 responses to requests for subordination?

8 A That is absolutely correct.

9 MR. FITZMAURICE: Objection, Your Honor. Lacks  
10 foundation. The point is whether a request was actually  
11 made and there's no evidence of that.

12 THE COURT: I'll overrule the objection.

13 MR. BAKER: Thank you, Your Honor.

14 BY MR. BAKER:

15 Q Okay. Now, there was a discussion about what happened  
16 last year with the National Bank of Kuwait, right? And  
17 there was a -- when was this confidential settlement  
18 agreement entered into, approximately?

19 A September -- believe it was around August 22 of 2022.

20 Q Okay. And I won't get into the terms of the settle --  
21 confidential settlement agreement specifically, but after  
22 that, did you have some type of an agreement worked out to  
23 sell the property?

24 A Yes.

25 Q Okay. And what happened and why did that agreement not

1 go through, from your perspective, from your opinion?

2 A From my perspective, the confidentiality of the  
3 agreement was violated and two, the agreement required a  
4 loan (indiscernible) provided. It was not provided. After  
5 repeatedly being requested that it be provided, until --

6 MR. FITZMAURICE: Objection, Your Honor. Hearsay  
7 as to the repeated requests.

8 THE COURT: I'll sustain the objection. You can't  
9 tell me what other people said or told you, just what you  
10 know. Go ahead. Rephrase the question.

11 MR. BAKER: Okay.

12 BY MR. BAKER:

13 Q So, let's go back, because the property posted for  
14 foreclosure back in March of 2023, approximately,  
15 (indiscernible) do you recall?

16 A (indiscernible). Yes. Yes.

17 Q Okay. So --

18 A I know, I believe it was mid-April.

19 Q Okay. And then -- so at that point in time --

20 A It was posted in March for an April sale.

21 Q Okay. 2023?

22 A Yes.

23 Q So, at that point in time, on your instructions, the  
24 Debtor went in to state court to seek a -- some type of  
25 restraining order on the foreclosure sale; is that correct?

1 A Yes.

2 Q Okay. And was the Debtor successful?

3 A Yes.

4 Q Okay. Now, as part of that, what was the National Bank  
5 of Kuwait supposed to do?

6 A Comply with the settlement agreement.

7 Q Okay. So, did you have entities or persons that wanted  
8 to buy the property at that point in time?

9 A Yes.

10 Q Okay. And so, one of the things that was needed was  
11 some type of a loan -- sale agreement from the National Bank  
12 of Kuwait to give to these potential buyers; is that a fair  
13 summary?

14 A Kind of conflates two separate (indiscernible). One,  
15 there's a buyer for the property.

16 Q Okay.

17 A -- entity where they want to buy into the entity and  
18 acquire 55 percent with a -- with some (indiscernible), if  
19 you like.

20 Q No.

21 A And then separate and apart from that, there's a loan  
22 sale that was needed. Security State Bank of Texas had  
23 approved the loan, to finance the loan, to buy the loan.

24 MR. FITZMAURICE: Objection, Your Honor. Hearsay.

25 THE COURT: I'll sustain the objection.

1 (indiscernible) documentation so that I can see it. Can't  
2 testify as to that. Go ahead. Ask a new question.

3 BY MR. BAKER:

4 Q Okay. Okay. Was the property posted again for  
5 foreclosure in July?

6 A It was.

7 Q Okay. When, to your knowledge, did you receive any  
8 communications from the National Bank of Kuwait with regard  
9 to the documentation necessary to complete the transaction?

10 THE COURT: Which transaction?

11 MR. BAKER: The transaction to get an investor in  
12 to pay off the National Bank of Kuwait (indiscernible)?

13 MR. FITZMAURICE: Objection. Lacks foundation.

14 THE COURT: Sustain the objection.

15 BY MR. BAKER:

16 Q Okay. Under the confidential settlement agreement, was  
17 there a -- did that confidential settlement agreement  
18 provide that if, in fact, an entity or somebody paid the  
19 National Bank of Kuwait a certain amount of money, they  
20 would either release their loan or transfer their lien?

21 MR. FITZMAURICE: Objection, Your Honor. I don't  
22 know why we're testifying as to the contents of the document  
23 that's here. The Court can look at it.

24 THE COURT: I think the document speaks for  
25 itself, Mr. Baker, so if you want to (indiscernible) look at

1 it, I'm more than happy. It's on the record.

2 MR. BAKER: Okay.

3 THE COURT: You can't see it, but I can because  
4 it's filed under seal.

5 MR. BAKER: Okay. So, I'm not exactly sure what  
6 to do with that if it's filed under seal.

7 THE COURT: I can look at it. I can show it to  
8 the party if no one's going to object. I haven't ruled on  
9 the motion to seal it yet. I don't know what's in it.

10 MR. BAKER: Well, I would like to open it up, if  
11 we could open it up, so that we could see it.

12 THE COURT: Let me ask the bank. Do they have any  
13 objection to me showing it to the witness?

14 MR. FITZMAURICE: None, Your Honor. In fact, we  
15 have no objection to the document being publicly filed.  
16 Your Honor will see that it indicates that it's confidential  
17 and the motion to seal was on that basis, because we don't  
18 want to -- right, we don't want to publicly file something  
19 that shouldn't be, but we have no objection if the Debtor  
20 consents to the public disclosure.

21 THE COURT: Any objection to me opening and  
22 showing the Debtor?

23 MR. BAKER: No.

24 THE COURT: All right.

25 THE WITNESS: Well, wait a second now. I just

1 want to make sure.

2 THE COURT: There's a confidential settlement  
3 agreement.

4 THE WITNESS: Yes, Your Honor.

5 THE COURT: Filed under seal with this Court.

6 Okay? Everybody seems to be -- wants you to testify what's  
7 in it. I'm happy to open it and show it to everybody, but  
8 once it's in the record, it's in the record.

9 THE WITNESS: Sure. Is it possible that I see it  
10 and (indiscernible) not publicly, because this is a  
11 confidential --

12 THE COURT: I'm either going to let it in or I'm -  
13 - this is not a Court where we basically hide behind  
14 (indiscernible). It's either going to be a public record or  
15 it's not going to be a public record.

16 THE WITNESS: The concern I have, just for me  
17 personally, Your Honor, is that --

18 THE COURT: I understand your concerns and I'm  
19 telling you, it'll either be public record or it won't. I'm  
20 not going to basically -- so if you want to talk to Mr.  
21 Baker about that for a second before we make that decision,  
22 feel free. You want to talk to him?

23 THE WITNESS: Please.

24 THE COURT: Okay. I'll step down for ten minutes.

25 MR. BAKER: All right. Thank you, Your Honor.

1 THE COURT: I'll come back at 2:20.

2 CLERK: All rise.

3 (Recess)

4 CLERK: All rise.

5 THE COURT: Please be seated. All right, Mr.  
6 Baker, what's the decision?

7 MR. BAKER: We're not going to waive the  
8 confidentiality and --

9 THE COURT: All right.

10 MR. BAKER: -- not agree to --

11 THE COURT: As you go along, don't ask him  
12 questions about it, because I don't want you to open the  
13 door.

14 MR. BAKER: Okay.

15 THE COURT: All right?

16 MR. BAKER: Okay.

17 THE COURT: Go ahead.

18 MR. BAKER: Okay. Okay.

19 BY MR. BAKER:

20 Q All right, I'd ask you to look at the document in front  
21 of you is 90-9. Do you recognize that?

22 A Yes.

23 Q Okay, and what is that?

24 A This is foreclosure sale agreement.

25 Q Okay. And approximately when did you receive this?



1 A Friday, June -- Friday before July 4th.

2 MR. BAKER: Okay. Your Honor, I move to admit 90-  
3 9.

4 THE COURT: Any objections to 90-9?

5 MR. FITZMAURICE: No objection, Your Honor.

6 THE COURT: It's admitted.

7 (Exhibit 90-9 entered into evidence)

8 BY MR. BAKER:

9 Q Okay. Okay. And so June 29 -- when was the property  
10 posted for foreclosure?

11 A July the 5th. It was a Wednesday. It's the only  
12 Wednesday. Usually, it's Tuesday, but because of July 4th,  
13 July 4th fell on a Tuesday, so it was Wednesday.

14 Q Okay.

15 A July the 5th. So whatever that Friday was before July  
16 the 4th.

17 Q So, when you got that, what happened at that point in  
18 time with the proposed transaction?

19 MR. FITZMAURICE: Objection, Your Honor. Lacks  
20 foundation as to proposed transaction.

21 THE COURT: Excuse me, sir. I didn't hear you.

22 MR. FITZMAURICE: Sorry, lacks foundation as to  
23 proposed transaction.

24 THE COURT: I'll sustain the objection. Go ahead,  
25 Mr. Baker.

1 MR. BAKER: Okay.

2 BY MR. BAKER:

3 Q So, at that point in time, what type of transaction was  
4 the Debtor trying to get done?

5 A A loan sale.

6 Q Okay.

7 A To acquire the loan, and I personally, being part of  
8 that, would be a -- the loan with would be acquired by --  
9 from the National Bank of Kuwait and that the National Bank  
10 of Kuwait would assign tax liens as part of that  
11 (indiscernible).

12 Q So how long had you personally been involved in trying  
13 to get that done?

14 A Since March -- since March timeframe.

15 Q Okay. And had you personally or through your attorney  
16 been asking for documents from the National Bank of Kuwait  
17 since that time?

18 A Yes --

19 MR. FITZMAURICE: Objection. Lacks foundation and  
20 hearsay.

21 THE COURT: All right, I'll sustain the objection.

22 BY MR. BAKER:

23 Q Okay, let me go back. Had you personally been involved  
24 with your attorney in asking the National Bank of Kuwait to  
25 provide documentation to allow you to complete the

1 transaction for someone to acquire the loan from the  
2 National Bank of Kuwait?

3 A Yes --

4 MR. FITZMAURICE: Same objections, Your Honor.  
5 It's the same question.

6 THE COURT: I'll sustain the objection.

7 BY MR. BAKER:

8 Q Okay. After March of 2023, were there attempts to try  
9 to get confidential settlement agreement done with National  
10 Bank of Kuwait, by you through your attorney?

11 A Yes.

12 Q Okay. And so, when, to your knowledge, was the first  
13 time that either you or your attorney got documents back  
14 from the National Bank of Kuwait that would allow you to  
15 complete the settlement agreement?

16 A Well, I believe we never did. The only thing that came  
17 close was Friday before the -- before July 4th and I think  
18 Friday, June 29th, if I'm not mistaken.

19 MR. FITZMAURICE: So, objection, Your Honor.  
20 Counsel is asking about a settlement agreement and the  
21 witness is testifying about a loan sale agreement that we  
22 just looked at and was admitted into evidence.

23 THE COURT: You're going to have to give me a  
24 little more background on what's happening, because there's  
25 some sort of agreement or settlement I know nothing about,

1 Mr. Baker --

2 MR. BAKER: Okay.

3 THE COURT: And the Debtor -- I need a foundation  
4 of what we're talking about.

5 MR. BAKER: Okay.

6 BY MR. BAKER:

7 Q Okay, so let's go back in March 2023, when you went  
8 with your attorney and got a restraining order to restrain  
9 the foreclosure sale by the National Bank of Kuwait. Right?  
10 At that point in time, did you have any discussions or were  
11 there discussions to put in place some provisions to allow  
12 time for you to get a deal done with the National Bank of  
13 Kuwait?

14 A Yes.

15 Q Okay. And at that point in time, then, did you move  
16 forward with trying to get that transaction done?

17 A Yes.

18 Q Okay. And -- go back and ask you, were there documents  
19 that were needed to get that transaction done?

20 A Yes.

21 Q Okay. Is one of those documents this 90-9 document,  
22 the loan purchase and sale agreement?

23 A Yes.

24 Q Okay. And why was that needed?

25 A That was needed pursuant to the agreement, it was

1 needed to complete the transaction to acquire the loan and  
2 take the Bank of Kuwait out.

3 Q Okay. And this would've taken the National Bank of  
4 Kuwait out completely?

5 A Yes.

6 Q Okay. And so, you can see here on the first part it  
7 has brackets and purchaser, right?

8 A Yes.

9 Q Okay. And it has at the top right, execution version.  
10 Is that correct?

11 A Yes.

12 Q Okay. And so, is this what you got from the National  
13 Bank of Kuwait somewhere around June 29 or 30?

14 A It was a Friday. I believe that is June -- let's see,  
15 4th, 3rd, 2nd, 1st -- Friday, June 30th.

16 Q Okay.

17 A And with -- what I received had a statement that this  
18 is not the final. It's still subject to the bank's  
19 approval.

20 Q Okay. And --

21 A That was something that was being requested as early as  
22 March, a loan sale agreement to complete the loan sale.

23 MR. FITZMAURICE: Objection, Your Honor. Lacks  
24 foundation and hearsay as the request since March.

25 THE COURT: Sustain the objection. If there's

1 something in March, show me something in March.

2 MR. BAKER: Well, Your Honor, he's testified that  
3 they had an agreement in March and they were trying to get  
4 that agreement.

5 THE COURT: What agreement? I mean, there's no  
6 foundation. You say agreement. There's no agreement before  
7 me.

8 MR. BAKER: Okay.

9 THE COURT: You lay foundation.

10 MR. BAKER: Well, therein lies the problem, Your  
11 Honor, because --

12 THE COURT: Well, that's your client's problem.  
13 It's not my problem. You can lay the foundation and let me  
14 look at it or not. Okay? But you can't have it both ways.

15 MR. BAKER: Okay.

16 BY MR. BAKER:

17 Q Okay, I'm going to ask you to look at Document 90-7.  
18 Okay? Can you identify that document?

19 A This is a letter from Jim Wetwiska with Akin Gump to  
20 Charles Conrad of Pillsbury.

21 Q Okay. And who's Jim Wetwiska?

22 A Jim Wetwiska represents Galleria 2425 Owner LLC, the  
23 Debtor's counsel.

24 Q Okay. And was this drafted by your attorney at that  
25 point in time?

1 A Yes.

2 Q Was it -- was this done on your behalf, at your  
3 request?

4 A Yes.

5 Q And is this evidence, at least to your understanding,  
6 of what was going on at the time?

7 A We continued to request the loan sale agreement. We  
8 were running out of time --

9 MR. FITZMAURICE: Objection, Your Honor. Lacks  
10 foundation and hearsay as to continued requests over time.

11 THE COURT: Sustain the objection. You want to  
12 admit?

13 MR. BAKER: I'd like to admit 90-7, Your Honor.

14 MR. FITZMAURICE: No objection, Your Honor.

15 THE COURT: 90-7 is admitted. Thank you.

16 (Exhibit 90-7 entered into evidence)

17 MR. BAKER: Okay.

18 BY MR. BAKER:

19 Q Okay. So, let's look at this letter. "Charles,  
20 (indiscernible) is in the process of funding the settlement  
21 payment/purchase option payment indicated in the  
22 confidential settlement agreement dated August 22, 2022."  
23 Correct?

24 A Yes.

25 Q Okay, then he asks for specific information, correct?

1 A Yes.

2 Q One of the things on there, number two, "Drafts of the  
3 following documents and forms that are acceptable to NBK."

4 What is the first -- what is (indiscernible)?

5 A The loan purchase and sale agreement.

6 Q Okay. So, as of -- best of your knowledge, as of June  
7 28th when this written, you didn't have anything, did you?

8 A No.

9 Q Okay. Okay. Now --

10 A That's why we're asking. We needed it no later than  
11 today at 1 p.m.

12 Q Okay. Okay. Now, 2B on there is an assignment of  
13 NBK's lien and tax lien. So, what was that all about?

14 A So, that's part of the tax lien that we were talking  
15 about earlier where I assigned the tax liens to the Bank of  
16 Kuwait and they were to assign those back and also assign  
17 the lien that they held.

18 Q Okay. So --

19 A Then that would get them out.

20 Q So, did you have someone available to fund this?

21 A Yes.

22 Q Okay. And what happened after June 28 -- June 2023?

23 A I believe on Friday, we received a draft, finally. The  
24 auction was on Tuesday -- I'm sorry, not Tuesday, but  
25 Wednesday because of July 4th on that Tuesday, and there



1 just wasn't enough time to get this done and what was  
2 received was a draft loan sale agreement (indiscernible)  
3 statement that is not final and it's not approved by the  
4 Bank of Kuwait yet and we needed a final, what was approved,  
5 so the transaction could be completed. Without that,  
6 without an acceptable loan sale agreement to the bank that  
7 was acceptable, could not move forward.

8 Q Okay. So, at least from your perspective, you had a  
9 deal done to take them out then, and National Bank of Kuwait  
10 basically obstructed that ability (indiscernible)?

11 A Yes --

12 MR. FITZMAURICE: Objection. Leading.

13 THE COURT: Sustain the objection.

14 MR. BAKER: Okay. I'll re-ask.

15 BY MR. BAKER:

16 Q At that point in time, you thought you had a deal done  
17 to take National Bank of Kuwait out. What happened?

18 A Just our -- the continuous pattern frustrating the --  
19 just lack of cooperation to get it done. Just an  
20 unwillingness --

21 MR. FITZMAURICE: Objection, Your Honor. Lacks  
22 foundation.

23 THE COURT: I'll sustain the objection.

24 BY MR. BAKER:

25 Q Okay. How long had you been involved at that point in

1 time with the National Bank of Kuwait?

2 A For --

3 Q For this property?

4 A For about five years.

5 Q Okay. So, you personally were involved on behalf of  
6 the Debtor with the National Bank of Kuwait for about five  
7 years at that time.

8 A Yes.

9 Q Okay. Now, during that time period, were you trying to  
10 lease the property?

11 A Yes.

12 Q Okay. And what was required in order for you to get a  
13 lease approved by the National Bank of Kuwait?

14 MR. FITZMAURICE: Objection, Your Honor.  
15 Relevance with respect to timing, but also if there's a  
16 requirement, it's in an agreement which would speak for  
17 itself.

18 THE COURT: I'll sustain the objection.

19 MR. BAKER: Okay. . Okay, I'm going to go over --  
20 this is 87-2. I can't tell (indiscernible).

21 MR. FITZMAURICE: I think it's 87-2.

22 BY MR. BAKER:

23 Q Okay. So, looking at this, what is this?

24 A It appears to be a loan agreement.

25 Q Between who and who?

1 A It says Galleria 2425 Owner and National Bank of  
2 Kuwait.

3 Q Okay, so that's the Debtor. It's not the National Bank  
4 of Kuwait, New York branch as administrative agent and then  
5 National Bank of Kuwait and certain other lenders as the  
6 lenders, correct?

7 A (indiscernible).

8 MR. BAKER: Your Honor, move to admit this  
9 document.

10 THE COURT: Any objections to 87-2?

11 MR. FITZMAURICE: No, Your Honor.

12 THE COURT: 87-2 is admitted. Thank you.

13 (Exhibit 87-2 entered into evidence)

14 BY MR. BAKER:

15 Q To your knowledge, did the loan agreement have  
16 provisions or requirements in it with regard to putting new  
17 leases in place?

18 A Yes.

19 Q Okay. Okay. Okay, I think I've got you, 5.27. See  
20 that, restrictions on leasing?

21 A Yes.

22 Q Okay. Borrower, which is the Debtor, correct?

23 A Yes.

24 Q Okay, "shall not execute a material lease which shall  
25 not have been submitted to and approved by the

1 administrative agent except for telecom leases." Right?

2 A Yes.

3 Q "Not alter, modify, or change the terms of any material  
4 lease except in the ordinary course of business," correct?

5 A Yes.

6 Q Number 3, "(indiscernible) consider, exercise any  
7 option unless required by the terms of lease approved by  
8 administrative agent," right?

9 A Yes.

10 Q And it goes on. Okay, so you could not execute a  
11 material lease, which I presume -- we go back up and look  
12 at, that was any lease of any significance which has not  
13 been submitted to and approved by administrative agent.  
14 Right?

15 A Correct, yeah.

16 Q Okay.

17 A We couldn't --

18 Q Okay, so --

19 A -- leases without their prior written --

20 Q It goes on here. Okay, so what type of issues did you  
21 have with getting consent from the National Bank of Kuwait  
22 to get leases approved?

23 MR. FITZMAURICE: Objection, Your Honor, as to  
24 timing and also hearsay as to any correspondence between the  
25 parties on this issue. The -- relevance as to time.

1 THE COURT: -- your question as to timing so  
2 you're not (indiscernible) over the entire 2018 to 2023 term  
3 and I'll let you rephrase your question.

4 MR. BAKER: Okay. Okay.

5 BY MR. BAKER:

6 Q Did the Debtor have issues getting consent from the  
7 National Bank of Kuwait for leases at any time from 2018  
8 going forward?

9 MR. FITZMAURICE: Objection, Your Honor.

10 THE COURT: -- understand the question. You said  
11 '18 going forward?

12 MR. BAKER: 2018, from the time the loan agreement  
13 was signed.

14 THE COURT: Okay, go ahead.

15 MR. FITZMAURICE: Your Honor, vague as to issues.

16 Also --

17 THE COURT: I'll sustain the objection. Be more  
18 specific. You want to talk about specific leases, specific  
19 (indiscernible) being rejected or not being approved, that's  
20 what I want to hear, not generalities.

21 MR. BAKER: Okay. Okay.

22 BY MR. BAKER:

23 Q Okay, Let's talk about specific leases. All right?

24 There was a lease with Sonder, correct?

25 A Correct.

1 Q Proposed lease with Sonder, correct?

2 A That is correct.

3 Q Okay, and Sonder was going to take about how much  
4 square footage of the property?

5 A Eighty-four -- hold on. Let me see. About 80,000  
6 square feet. Three floors of the building.

7 Q Okay. And when did Sonder want to move in?

8 A Sonder wanted to -- Sonder wanted to move in around the  
9 end of twenty -- it was 2019.

10 MR. FITZMAURICE: So, objection, Your Honor, to  
11 questions and answers -- testimony concerning Sonder.  
12 Given the timing, we're here about what's happening now and  
13 going forward, not what happened in 2019.

14 THE COURT: Besides, isn't there -- there's been  
15 an allegation made that any time after May of 2020, there  
16 were mutual releases done. I'm not sure I understand why it  
17 would even be relevant to what we're talking about.

18 MR. BAKER: Well, okay. We're talking about  
19 leases and issues the Debtor had with leases. Okay.  
20 Whether those were waived or not -- settlement agreement no  
21 longer exists, then there are no leases.

22 THE COURT: I don't know whether it exists or not,  
23 because I haven't seen it.

24 MR. BAKER: I don't, either. I don't, either. I  
25 don't even know if it exists, but -- and here's

1 (indiscernible). We're asking about what type of issues did  
2 they have and you want a specific lease, so I'm going back  
3 to a specifical lease.

4 THE COURT: Okay. I'm going to sustain the  
5 objection. Let me tell you what I am interested in. This  
6 is a second filing with a case that basically was dismissed  
7 for cause after its filing on July 5th, 2023. All right?

8 MR. BAKER: Okay.

9 THE COURT: So, I'm really worried about what  
10 happened after the case got dismissed for cause. I'm not  
11 really worried about what happened in 2017.

12 MR. BAKER: Okay. Okay.

13 BY MR. BAKER:

14 Q Have there been any issues since November 1st, 2023  
15 with trying to get new tenants in the property?

16 MR. FITZMAURICE: Objection, Your Honor. Lacks  
17 foundation, best evidence, hearsay with respect to the  
18 correspondence between the parties concerning this, and also  
19 vague as to issues.

20 THE COURT: Sustain the objection. Let's be more  
21 specific, Mr. Baker. You've got specific examples, I want  
22 to hear them. I really do. But I don't want to hear  
23 generalities of whatever.

24 MR. BAKER: Okay.

25 BY MR. BAKER:

1 Q Do you have any specific issues that have occurred with  
2 attempting to lease the property and National Bank of Kuwait  
3 since November 1, 2023?

4 MR. FITZMAURICE: Your Honor, vague as to issues.

5 THE COURT: I'm going to sustain the objection.

6 Mr. Choudhri, this case was dismissed in November -- the  
7 first case was filed July 5th, 2023 because of the  
8 foreclosure, because of you not being able to deal with the  
9 loan that you wanted to take the bank out. I understand all  
10 of that. Okay? The case was dismissed by Judge Lopez for  
11 cause. Record specifically says for cause. Okay?

12 Since the case was dismissed in November of 2023,  
13 did you present any leases to the bank that the bank  
14 rejected?

15 THE WITNESS: No, Your Honor. We didn't present  
16 any leases --

17 THE COURT: Into the microphone, please.

18 THE WITNESS: No, Your Honor, we have not  
19 presented any leases. We've only asked for the SNDA form  
20 for the tenants that have approached us to lease space  
21 which, they're not willing to without an SNDA.

22 THE COURT: And where is their obligation to  
23 execute that release, given what they're owed? Is there an  
24 obligation somewhere that I should be aware of?

25 THE WITNESS: Yes, Your Honor.



1 THE COURT: Where is it?

2 THE WITNESS: It's in the settlement agreement.

3 THE COURT: Which I haven't seen and can't see,  
4 because you won't let me.

5 THE WITNESS: Well, I think you should see it,  
6 then. I'm so sorry.

7 THE COURT: Go ahead, Mr. Baker.

8 THE WITNESS: I'd like you to have the whole  
9 story.

10 THE COURT: Okay. I've given it back to your  
11 lawyer. Go ahead.

12 MR. BAKER: Okay.

13 BY MR. BAKER:

14 Q Okay. Okay. Since the case was dismissed on November  
15 1 -- there was a hearing on November 1 before Judge Lopez,  
16 correct?

17 A Yes. I was there.

18 Q Day before the hearing, were there documents that were  
19 filed in that case?

20 A Yes. The Halloween motion.

21 Q Okay.

22 A On October 31st.

23 Q And who filed that motion?

24 MR. FITZMAURICE: Objection, Your Honor.

25 THE WITNESS: -- Brennan --

1 THE COURT: What's the objection?

2 MR. FITZMAURICE: Hearsay as to the contents -- I  
3 mean, (indiscernible) hearsay as to the contents of whatever  
4 this is, lacks foundation. The documents would speak for  
5 themselves.

6 THE COURT: I'll agree with all of that. I'll  
7 sustain the objection, Mr. Baker, and I'm not going to go  
8 back and revisit what Judge Lopez did or didn't do, if  
9 that's what you're asking me to do.

10 MR. BAKER: No, I'm not. I'm trying to get -- I  
11 mean, you said Judge Lopez dismissed it for cause.

12 THE COURT: He did.

13 MR. BAKER: Okay. So the cause --

14 THE COURT: The record speaks for itself as to why  
15 it was dismissed. I don't need to hear any evidence about  
16 that.

17 MR. BAKER: Okay.

18 THE COURT: Go ahead.

19 MR. BAKER: Okay.

20 BY MR. BAKER:

21 Q Okay, so what has happened in the state court, some of  
22 the actions involving the same parties after November 1,  
23 2023?

24 MR. FITZMAURICE: Objection, Your Honor. Again,  
25 that -- those pleadings would speak for themselves.

1 THE COURT: Sustain the objection.

2 MR. BAKER: Your Honor --

3 THE COURT: Introduce something, and I'm not sure  
4 what relevance it has to what I'm going to do today, but I'm  
5 not going to allow that. Go ahead.

6 MR. BAKER: Okay. Okay. Okay.

7 THE WITNESS: (indiscernible).

8 THE COURT: Mr. Baker gets to ask questions. Go  
9 ahead.

10 BY MR. BAKER:

11 Q Mr. Choudhri, the Debtor has proposed a plan and filed  
12 a disclosure statement, correct?

13 A Yes.

14 Q Okay. The Debtor is going to provide financial  
15 information in the next several days to substantiate all  
16 that. In fact, part of that financial information has  
17 already been admitted as an exhibit; is that correct?

18 MR. FITZMAURICE: Objection, leading.

19 THE COURT: Sustain the objection.

20 MR. BAKER: Okay.

21 THE COURT: (indiscernible).

22 MR. BAKER: Okay.

23 BY MR. BAKER

24 Q So, okay. Remember this document, Mr. Choudhri?

25 A Yes.

1 Q 8801. This has been admitted into evidence, correct?

2 A Yes.

3 Q Okay. And these are financial projections, correct?

4 A Yes.

5 Q Okay. And is it your intention to go back and fine  
6 tune those to make those as accurate as possible?

7 A Yes. We'll (indiscernible) CPA for that.

8 Q Okay. And after you do that, those will be filed as  
9 part (indiscernible) the plan; is that your intention at  
10 this point in time?

11 A Yes.

12 Q Okay. And that can be done in the next several days;  
13 is that correct?

14 A (indiscernible).

15 Q Okay. And those would also be part of the financial  
16 disclosures for the disclosure statement; would that be your  
17 understanding?

18 MR. FITZMAURICE: Objection. Vague. Those.

19 THE COURT: I'll overrule the objection.

20 BY MR. BAKER:

21 Q Okay. So it's your contention that at least with the  
22 financial projections in the plan, the Debtor has the  
23 ability to move forward and confirm a plan; is that your --

24 A Yes.

25 Q -- belief? All right. Now, one of the other

1     allegations -- and I want to go back (indiscernible) --  
2     there's been a substantial diminution of value of the  
3     property. Okay, do you believe there's been -- in your  
4     opinion, do you believe there's been a substantial  
5     diminution in value of the property?

6             MR. FITZMAURICE: Objection, Your Honor, relevance  
7     as to his opinion.

8             THE COURT: I'll --

9             MR. FITZMAURICE: And also lacks foundation as to  
10    the basis --

11            THE COURT: -- his opinion --

12            MR. FITZMAURICE: Thank you, Your Honor.

13            THE COURT: I'll overrule that objection.

14    BY MR. BAKER:

15    Q     Okay.

16    A     No, it's been created. We've created value, added --  
17    there's been more value added.

18    Q     Okay, and how's that?

19    A     With additional leases and --

20            MR. FITZMAURICE: So, objection, Your Honor, as to  
21    testimony concerning leases that aren't in evidence.

22            THE COURT: I'll sustain that objection.

23    BY MR. BAKER:

24    Q     Okay. Well, you testified as far as potential leases,  
25    correct?

1 A Yes.

2 Q Okay. So, if those potential leases are actually  
3 executed and move forward, then what would that do to the  
4 value of the building?

5 A Increase the -- continue to increase the value.

6 Q Okay. And so, from your perspective, has there been a  
7 substantial diminution in value?

8 A No.

9 Q Okay. Now, what the code says is a substantial  
10 diminution in value and an inability to rehabilitate. Okay,  
11 so what type of rehabilitation you believe the Debtor has?

12 A Your question is what? What kind -- sorry.

13 Q Okay. What type of actions could the Debtor take to  
14 address any alleged substantial diminution in value?

15 A Well, I think an assessment through a CRO would  
16 obviously be helpful and I'd be open to it. It's engaged a  
17 CPA who has reviewed leases, interviewed tenants,  
18 prospective tenants, and evaluated the lease up of the  
19 building.

20 Q Okay.

21 A We've negotiated the utilities down with a contract --

22 MR. FITZMAURICE: Objection, Your Honor. Hearsay.

23 THE COURT: I'll sustain the objection.

24 BY MR. BAKER:

25 Q Okay. Okay, what other things has the Debtor done to

1 potentially provide for an increase in value?

2 A Well, I think the Regis lease is a significant lease.

3 MR. FITZMAURICE: Objection, Your Honor.

4 Testimony concerning leases that aren't in evidence.

5 THE COURT: I'll sustain the injection as to any  
6 sort of testimony regarding a lease that I haven't seen.

7 MR. BAKER: Okay. Okay.

8 BY MR. BAKER:

9 Q Let me ask you this. Have you had personal  
10 conversations with people from Regis?

11 A Yes.

12 Q Okay, and based upon your personal conversations, what  
13 is your opinion as far as what may happen with Regis?

14 MR. FITZMAURICE: Objection, Your Honor. Hearsay.  
15 The whole point is to get in what the Regis --

16 THE COURT: I'll sustain --

17 MR. FITZMAURICE: Thank you.

18 THE COURT: -- objection.

19 BY MR. BAKER:

20 Q Okay. Okay. Besides -- let me go back. You've been  
21 involved in leasing buildings for years and years and years,  
22 correct?

23 A Yes.

24 Q Okay. Based upon your history of leasing buildings,  
25 what do you believe is the reasonable likelihood of getting

1 this building leased out (indiscernible)?

2 A Very high likelihood. We're already very confident  
3 it'll be leased up.

4 Q Okay. And you say leased up --

5 A -- leased up -- it's already been leased up and as the  
6 tenants start paying the rents, the rent will increase and  
7 it will be more healthier and stronger. I (indiscernible)  
8 200,000 square foot Stage and DC Partners is another tenant  
9 that I moved in.

10 MR. FITZMAURICE: Objection, Your Honor.

11 THE COURT: I'll sustain the objection.

12 MR. BAKER: Okay.

13 BY MR. BAKER:

14 Q Let me ask you, since the last case was dismissed,  
15 since November 1st of 2023, have you personally been  
16 involved in new lease negotiations?

17 A Yes.

18 Q Okay. And you believe those new lease negotiations  
19 should translate into new leases in the property?

20 A Absolutely.

21 Q Okay. And when do you anticipate that you may be able  
22 to get these additional leases of the property?

23 A It's pending as we speak. I believe within the next  
24 short order. For example, Vaxanix --

25 MR. FITZMAURICE: Okay, so then, Your Honor,



1 objection with respect to testimony concerning the leases  
2 and agreements.

3 THE COURT: I'll sustain the objection. And  
4 you're being repetitive, Mr. Baker.

5 MR. BAKER: Okay.

6 THE COURT: You don't really need to --

7 MR. BAKER: Okay.

8 THE COURT: -- beat it down.

9 MR. BAKER: Okay.

10 THE COURT: If you have something new you want to  
11 tell me, but I'm hearing the same thing over and over and  
12 over.

13 MR. BAKER: Okay. Okay. Your Honor, I have no  
14 further questions right now.

15 THE COURT: All right. Then let me to go bank's  
16 counsel to see if they have cross examination.

17 MR. FITZMAURICE: We do, Your Honor. With Your  
18 Honor's permission, my colleague --

19 THE COURT: That's fine.

20 MR. FITZMAURICE: Thank you, Your Honor.

21 THE COURT: Come on up. Sir, let me get your  
22 name, just because I didn't get Mr. Fitzmaurice's co-  
23 counsel's name when you made your announcement. Go ahead.

24 MR. STEINBRUNNER: Thank you, Your Honor. Ryan  
25 Steinbrunner on behalf of National Bank of Kuwait.

1 THE COURT: Thank you. Go ahead.

2 MR. STEINBRUNNER: Thank you, Your Honor.

3 BY MR. STEINBRUNNER:

4 Q Good afternoon, Mr. Choudhri.

5 A Afternoon.

6 Q I want to start with the portion of your testimony that  
7 you just gave with respect to the letter from your lawyer,  
8 Jim Wetwiska. You recall that?

9 A Yes.

10 MR. STEINBRUNNER: Okay. And Your Honor, I  
11 believe that is --

12 THE COURT: Need to reconnect over here.

13 MR. STEINBRUNNER: That is -- it's going to be  
14 nine -- 90-7. Yep.

15 MR. FITZMAURICE: I think it's 90.

16 MR. STEINBRUNNER: Ninety. Yeah. 90-7.

17 THE COURT: 90-7, I think it was.

18 BY MR. STEINBRUNNER:

19 Q Okay. And we see this is a letter dated June 28, 2023,  
20 correct?

21 A Yes.

22 Q Okay. I believe both in your testimony and your lawyer  
23 in his opening statement said that there were repeated  
24 requests for months for the loan purchase and sale  
25 agreement, assignment liens, the loan, all the things that

1 are in this letter from NBK, correct?

2 A From NBK?

3 Q That you had testified that -- and I think your lawyer  
4 had also stated that you had been requesting these, this  
5 information from NBK for months, correct?

6 A Yes, Mr. Wetwiska requested it and he also testified to  
7 that.

8 Q Mr. Wetwiska testified to that?

9 A He can come testify to that.

10 Q Okay. Well, he's not here, correct?

11 A He said he could be here, even (indiscernible), but --  
12 because Mr. Fitzmaurice mentioned him, he said that's not  
13 accurate. He can come down here.

14 Q Okay. Now, my question is that you stated under oath  
15 and your lawyer here stated in his opening that you had been  
16 requesting this information for months, correct?

17 A Yes.

18 Q Okay. This is the only written document that you know  
19 of that ever requested this information from NBK, correct?

20 A Incorrect.

21 Q What other document, post the April 12th hearing on the  
22 TRO other than this this letter dated June 28, 2023, do you  
23 have where you're requesting this information from NBK?

24 A I don't have any documents with me here, but I'm aware  
25 that Mr. Wetwiska was in communication and exchanged

1 communications with Mr. Conrad as early as March 2023.

2 Q Okay, so even though you were aware of these, this  
3 information from your lawyer from March 2023, you don't have  
4 that today?

5 A I was not aware that today was to discuss the  
6 settlement. And if it was, then I think we would have been  
7 more prepared for that and have our witnesses for that. So,  
8 my counsel informed me today was specifically for  
9 confirmability or diminution (indiscernible) plan or what  
10 was being asked by y'all.

11 Q Mr. Choudhri, I'm not asking about the settlement. I'm  
12 asking about representations that your lawyer made and  
13 representations that you made in his opening statement about  
14 the fact that you didn't pay -- you couldn't pay NBK in  
15 advance of July 5th foreclosure, but you didn't receive this  
16 document from -- these documents from NBK despite your  
17 repeated requests. That's what I'm talking about. And the  
18 only letter that you have in writing today that evidences  
19 that you ever requested this information from NBK is dated  
20 June 28, 2023, correct?

21 A This, I believe, is not -- I believe the only  
22 communication -- and I'm not sure what exhibits --

23 Q My question is, in evidence today, Mr. Choudhri, not  
24 about other evidence that you might think exists outside of  
25 the record today.

1 A Right. I'm not aware of us having all the documents  
2 for the claim with this breach of the settlement with the  
3 Bank of Kuwait today. That's -- that is -- we didn't  
4 believe we were here to try that today, so we did not -- I  
5 don't believe we have the -- all of the communications and  
6 exhibits that would be relative to the breach of settlement  
7 by the Bank of Kuwait.

8 Q Mr. Choudhri, nowhere in this letter does it say that  
9 there have been numerous requests on the part of Galleria or  
10 Mr. Wetwiska for this information. Doesn't say that  
11 anywhere in this letter, does it?

12 A It does not.

13 Q It also doesn't say, pursuant to any agreement of any  
14 kind, which I believe you testified existed, please provide  
15 us this information. Doesn't mention any agreement or  
16 obligations on the part of NBK to produce this information,  
17 correct?

18 A It says, "Under the confidential statement agreement  
19 dated August 22nd, to facilitate this, can you please  
20 provide all information and documentation by 1 p.m. today?"  
21 Because it was asked over and over. That's why this is an  
22 accelerate -- this is why it's a deadline of we need this  
23 today.

24 Q Okay, Mr. Choudhri. You just read it, kind of. You --  
25 I'll read it for you. It says, "Galleria is in the process

1 of funding the settlement payment" --

2 A Correct.

3 Q -- "purchase option pursuant to the confidential  
4 settlement agreement." It doesn't say that this -- these  
5 documents that are being requested are an obligation of the  
6 bank pursuant to that agreement. Doesn't say that, correct?

7 A I'm sorry. It says under -- my understanding of the  
8 agreement is that this is an obligation of the bank. They  
9 have to do that under the settlement agreement, and I  
10 believe it says, under the confidential settlement  
11 agreement. So, it -- I take that to mean pursuant to or  
12 under.

13 Q Again, process of funding the settlement payment under  
14 the confidential settlement agreement, correct?

15 A That's what it says.

16 Q Okay. And you complained to the Court and I think your  
17 lawyer has done the same thing, that these requests were  
18 made and NBK never responded until the Friday before,  
19 correct? Friday before the July 5th foreclosure, correct?

20 A The first time we received any sort of loan sale  
21 agreement, and Mr. Wetwiska can testify to this and I'm  
22 sorry --

23 Q Mr. Wetwiska is not here and I'm asking your personal  
24 knowledge.

25 A Yeah, and my personal knowledge is what I received was

1 a email that says this is not a final form. This is a  
2 draft. On Friday right before the foreclosure sale.

3 Q Perfect. I'll ask you about that.

4 MR. STEINBRUNNER: Would you turn to 90-8?

5 BY MR. STEINBRUNNER:

6 Q This is an email from Charles Conrad the very next day  
7 after the June 28th letter, which is the only letter we have  
8 in the record of you ever requesting this information of  
9 NBK. Within 24 hours, Mr. Conrad says, "Jim (indiscernible)  
10 attached are drafts of the following documents: loan  
11 purchase and sale agreement which includes the  
12 (indiscernible), assignment of deed of trust, and assign of  
13 tax liens. These drafts remain subject to NBK review and  
14 comment." Did I read that correctly?

15 MR. BAKER: Objection, Your Honor. Counsel is  
16 shouting.

17 THE COURT: Take it down a notch.

18 MR. STEINBRUNNER: I'll back up a little bit, too.  
19 Might help.

20 BY MR. STEINBRUNNER:

21 Q Did I read that correctly?

22 A I'm sorry --

23 Q Sure. The very next day from the June 28th letter from  
24 Wetwiska, Mr. Conrad responds, "Jim (indiscernible),  
25 attached are drafts of the following documents: loan

1 purchase and sale agreement which includes the  
2 (indiscernible), assignment of deed of trust, assignment of  
3 tax liens. These drafts remain subject to NBK's review and  
4 comment." Did I read that correctly?

5 A You did read that correctly.

6 Q So, Mr. Conrad is responding with the documents that  
7 Mr. Wetwiska requested in writing within 24 hours, correct?

8 A No (indiscernible).

9 Q Are you saying that June 29th is not the next, the  
10 following day after June 28th?

11 A The -- Mr. Wetwiska had many communications with Mr.  
12 Conrad.

13 Q I'm not -- I'm asking about the June 28th letter.

14 A Yes.

15 Q That was the very next day, correct?

16 A The request, that letter was at 8 a.m. This is the  
17 following that 5:42 p.m. with a -- with the statement, Mr.  
18 Conrad made the statement on the phone as well that this is  
19 not the final form of the loan sale agreement and this email  
20 says the same, and so that was --

21 Q My question is, this is the very next day, correct?

22 A This is the very next day of the prior -- last  
23 communication, but there were more communications before  
24 that.

25 Q Mr. Choudhri, in your email -- I'm sorry, in your



1 lawyer's letter to Mr. Choudhri or at any time before that,  
2 for that matter, did you ever disclose the name of this  
3 funder or buyer who's going to be actually making this  
4 payment obligation on behalf of the Debtor? Did you ever  
5 disclose that name?

6 A Yes. In fact, I provided proof of funds to you with  
7 Diana Marshall.

8 Q Mr. Choudhri, what are you talking about? Are you  
9 talking about in June -- on June 28th?

10 A On the day that we had -- I believe on July the 5th, we  
11 were in, like, a mediation or something and they wanted to  
12 get the final settlement agreement from you, and Diana  
13 Marshall was the mediator that I was present and Charles  
14 Conrad was present and the funder was present as well.

15 So, we had actually two sources that were prepared and  
16 I have those communications and letters from those. I  
17 didn't bring them today. I didn't think that this was for -  
18 - we're trying the breach of the settlement agreement case  
19 here and I did not bring those exhibits, but I have the  
20 communications from the lender that will prove exactly what  
21 I'm saying, and if the Court allows us, I can bring that. I  
22 just --

23 Q You don't have it here today?

24 A I wasn't aware we needed that for today. I was advised  
25 this is not -- that this, today is not about the settlement

1 agreement and the issues surrounding settlement agreement.

2 This is as it relates to -- this is not the adversary or

3 whatever all the issues ---

4 Q Well, Mr. Choudhri, you understand that your lawyer in

5 the responses they filed and in his opening statement

6 contends that part of the reason why that this plan can be

7 confirmed is that there's going to be obviously a major

8 reduction in payment because they take -- in the loan that

9 NBK lends to the Debtor because they are taking the position

10 that the settlement agreement was breached. True?

11 MR. BAKER: Your Honor, objection. That is not

12 what the plan says. He is completely misstating the

13 documents. I want to object to him making statements that

14 are absolutely incorrect.

15 THE COURT: I have not looked at the plan. I

16 don't know what the plan says. Let's -- I'm going to ask

17 you to rephrase your question.

18 BY MR. STEINBRUNNER:

19 Q Mr. Choudhri, I -- in response to your comment about

20 you not knowing that the settlement agreement was going to

21 be an issue, in your response to our motion to convert, the

22 representations that have been made before the Court or that

23 the settlement agreement was breached by NBK and therefore

24 those claims weren't released, so the amount that is owed

25 under the settlement agreement are not owed. True? That is

1 your position, correct?

2 A I apologize. I wasn't following. Can you repeat your  
3 question?

4 Q It is your position that the settlement agreement was  
5 breached and that therefore this offsets the amount that is  
6 owed to NBK, correct?

7 A What offsets the amount owed to NBK?

8 Q Your -- let me back up. It is your position, the  
9 Debtor's position, that the amounts that are owed pursuant  
10 to the settlement agreement are not owed and in fact are --  
11 should be offset because there was a breach on the part of  
12 NBK, correct?

13 A It's the Debtor's position -- I think we're complaining  
14 there's two different things. We have a -- we have a lender  
15 liability lawsuit for the breach of the settlement agreement  
16 with Bank of Kuwait. I think you attached it as an exhibit,  
17 the June 12 transcript. Mr. Conrad states repeatedly and  
18 he's taken the position the settlement agreement doesn't  
19 exist.

20 And so that is a real issue and it affects the tax  
21 lien. It affects -- because I signed individually the  
22 settlement agreement as an individual and as a creditor, and  
23 I signed on behalf of the Debtor. And so the settlement and  
24 the assignment of the tax lien has affected, and that's --  
25 and it's hard for me to explain that, maybe, and I'm not

1 (indiscernible).

2 Q Sure. I'm going to move on, because I have a couple  
3 questions I think will clear this up.

4 A So there is a June 12th transcript that I believe y'all  
5 have recently added as an exhibit --

6 Q I don't have a question pending. I'll get there. Mr.  
7 Choudhri, in your discussion with your attorney before the  
8 Court, you had stated that after this alleged breach of the  
9 settlement agreement on the part of NBK, there was a hearing  
10 before Judge Weems in which you said it was -- a successful  
11 hearing in which you were given more time to comply with the  
12 settlement terms; is that fair?

13 A I don't believe it was a successful hearing,  
14 necessarily, because the bank wrongfully posted the property  
15 for foreclosure and Judge Weems said, you shouldn't be  
16 telling people that you're going to post it in the future,  
17 because Charles Conrad was emailing the potential buyers  
18 that they're posting the property in the future and that  
19 affected the ability for us to move forward with those  
20 buyers.

21 Q Mr. Choudhri, the Court, the 281st District Court,  
22 Judge Weems, she never said that there was a wrongful  
23 posting of foreclosure. She never said that, did she?

24 A She said -- and I'll refer to the transcript because I  
25 was at that hearing. She said, you should not be telling --

1 first of all, our contention is the Bank of Kuwait breached  
2 the settlement agreement in March -- Feb or March, I believe  
3 it was, because we had a buyer. We had a signed agreement  
4 with the buyer. The buyer came to know from the bank of --  
5 the details of the settlement agreement, which is why we are  
6 very hesitant to waive that because -- but Mr. Conrad, when  
7 we went to Court, Judge Weems sealed the courtroom and said,  
8 you can't talk about it.

9 And Mr. Conrad explained that you guys posted the  
10 property for foreclosure. It wasn't supposed to be posted  
11 for foreclosure, and then you passed the sale and you  
12 weren't going to post it. I made additional -- we made  
13 additional payments so you would not post the property for  
14 foreclosure. There was number, I believe, 160,000 in  
15 addition to the 800,000 paid, and --

16 Q Mr. Choudhri, I'll -- I have the transcript right here.  
17 We'll -- I'm (indiscernible) ask you about what the judge  
18 actually said.

19 MR. BAKER: Wait, wait, wait. Your Honor, I'm  
20 going to object. This transcript has on it, sealed. I  
21 don't see anything --

22 THE COURT: It's not in evidence. So --

23 MR. BAKER: Well, I --

24 THE COURT: -- in evidence, I'm not looking at it.  
25 So, don't worry.

1 MR. BAKER: Well --

2 THE COURT: I mean, object -- you can -- if he  
3 wants to go into it, you can raise an objection when that  
4 happens.

5 MR. BAKER: Okay.

6 MR. STEINBRUNNER: Thank you. At this time, Your  
7 Honor, I'd like to show 90-1. And Your Honor, the document  
8 that has been filed with the Court has been redacted, so --

9 MR. BAKER: Your Honor, this says sealed on it. I  
10 don't believe until -- unless we've got some order from the  
11 Court that says this can be used, that this -- and we object  
12 to this, being a document from the state court that's  
13 sealed.

14 MR. STEINBRUNNER: And obviously, Your Honor,  
15 they've made references to what the judge said at this  
16 hearing. It's obviously very relevant and I'm not going to  
17 be going through any of the confidential terms. That has  
18 been filed with the Court and those confidential terms have  
19 been redacted.

20 MR. BAKER: Well, Your Honor --

21 THE COURT: Bear with me for one second. I need  
22 to look at it, Mr. Baker.

23 Does anyone know, was there an order sealing this  
24 document, this transcript? Is that the reason it says  
25 sealed on it? Do we know?

1 MR. BAKER: Your Honor, I don't know. I wasn't  
2 there, but I -- the problem I've got is --

3 THE COURT: There's nothing in the introduction,  
4 at least, that says this is a sealed -- was it a sealed  
5 hearing?

6 MR. STEINBRUNNER: Your Honor, I don't believe  
7 that there was ever a formal motion to seal it. I believe  
8 what happened at the beginning is that there was discussions  
9 about the settlement agreement or discussions that there  
10 would be discussion about the settlement agreement, and so  
11 the Court asked everybody not to -- you know, was not a  
12 party, to leave the room and that the hearing would be  
13 conducted --

14 THE COURT: So under abundance of caution, I'm  
15 going to exclude any sort of testimony about this transcript  
16 that says sealed on the front, not knowing what to do and I  
17 don't want to commit error. All right? Thank you.

18 BY MR. STEINBRUNNER:

19 Q Mr. Choudhri, do you recall your attorney Jim Wetwiska  
20 instructing Judge Weems that the Debtor just needed 60, 90 -  
21 - 60 to 90 days longer to comply with the settlement  
22 agreement, which gave them the ability to recover from the  
23 alleged breach that occurred? Do you recall that?

24 A Not the way you say, but I recall things that were  
25 said, but not in that context.

1 Q Okay.

2 A And I can explain (indiscernible).

3 Q And the Court gave you that 60 to 90 days, correct?

4 A Yes, the Court did give us additional time for  
5 additional payment, but Mr. Conrad stated that the  
6 settlement doesn't exist anymore and --

7 Q My question is, the Court gave you that time, correct?

8 A Yes.

9 Q Okay.

10 A Yes. That is true, yes.

11 Q And in those 60 to 90 days, actually, July 5th, I  
12 believe was 105 days. Do you have any reason to dispute  
13 that?

14 A Yes.

15 Q You're saying it's correct or you're saying you dispute  
16 it?

17 A I dispute it's that, it's 105 days.

18 Q Do you know how much time it was from the March 20th  
19 date in which -- to July 5th? You know how many days that  
20 is?

21 A I believe we had a hearing in April. I believe the  
22 dispute was when the settlement agreement was breached by  
23 the bank, and I believe -- I feel like, as far as the  
24 timing, it remains a -- the hearing was a hearing in April.  
25 There was a hearing in June.



1 Q I'm just asking about the days. Do you know how many  
2 days it was from the date -- the settlement payment to the  
3 date that the Court extended it to? Do you know how much  
4 time that is?

5 A Well, the settlement payment --

6 Q It was more than 90 days, correct?

7 A Well, the settlement payment would only be credited  
8 when certain actions were taken by the bank. The bank had  
9 to do certain things, and then the settlement payment -- but  
10 if the bank did not honor those things, then the settlement  
11 payment did not come, and that was the issue. And that's  
12 the adversary case we have now.

13 Q Are you talking the settlement payment on -- settlement  
14 agreement, when you're saying terms? Payment didn't --  
15 wasn't to be made until certain conditions were met by NBK?

16 A Correct. The bank --

17 MR. STEINBRUNNER: Okay. Your Honor, at this  
18 time, I would like to move to actually discuss the  
19 settlement agreement so we can stop talking about the terms  
20 without actually referencing it.

21 MR. BAKER: We're not agreeing to waive, Your  
22 Honor.

23 THE COURT: And I'm not -- at this point in time,  
24 I don't want to take that issue up.

25 MR. STEINBRUNNER: Okay.

1 THE COURT: I mean, I think that there is a really  
2 viable argument that it should be unsealed, but now is not  
3 the time or the place to do it.

4 MR. STEINBRUNNER: Okay.

5 BY MR. STEINBRUNNER:

6 Q Mr. Choudhri, regardless, there was never a payment  
7 made by the Debtor or anyone on behalf of the Debtor to NBK  
8 on or before July 5th, correct?

9 A Incorrect.

10 Q Was the full settlement payment or the settlement  
11 payment or the payment that the Court had given the  
12 extension of time, the full settlement payment made on or  
13 before July 5th to the Bank of Kuwait?

14 A The entire settlement, again --

15 Q Yes or no? Was the full amount paid to NBK on or  
16 before July 5th?

17 A Not the full amount, no.

18 Q Okay. And there was a TRO held that day, correct, on  
19 July 5th?

20 A Yes.

21 Q That was denied, correct?

22 A Yes.

23 Q And the Debtor then filed the bankruptcy, correct?

24 A Yes.

25 Q Okay. And there's never been any payments made to NBK

1 with respect to that settlement agreement since, correct?

2 A There was about a million dollars that NBK took out of  
3 the settlement -- from the settlement agreement.

4 Q I'm talking from July 5th to today.

5 A No.

6 Q There were no payments. Okay, thank you. Mr.  
7 Choudhri, you had discussed -- and I don't want to belabor  
8 the point too much -- these proposed leases that you  
9 represented to the Court that you're hoping to execute in  
10 the future. Remember -- recall that discussion?

11 A Yes.

12 Q IWG, you don't have a written lease agreement with  
13 them, correct?

14 A We do have an agreement with them.

15 Q You do? And is that in the record?

16 A Unfortunately, I don't think that -- I'm not sure what  
17 we submitted (indiscernible) from the judge. We don't have  
18 leases in the record.

19 Q Okay, Regis.

20 A We can get the leases in the record.

21 Q Okay, Regis.

22 A We have them here. We just brought them. We have the  
23 -- unfortunately, we don't have them in the record. If  
24 we're allowed by the judge, we can put them in the record.

25 Q You don't have a written lease agreement with Regis,

1 correct?

2 A We do.

3 Q Is that in the record?

4 A I'm not sure what is in the record or not in the  
5 record. I understand from Judge Norman that the leases that  
6 are not -- leases are not in the record, but we have -- I --  
7 within 30 minutes, I can --

8 Q Sitting here today right now, you don't have any -- a  
9 written lease agreement with Regis that you can show the  
10 Court, correct?

11 A I -- yes, I have it. I can show the Court --

12 Q In the record?

13 A Again, Mr. Baker, I'm not sure what he has submitted in  
14 the record or not, but I -- we do have --

15 Q You mentioned there is a Chinese company?

16 A Yes.

17 Q And what is the name of that company?

18 A Mr. Darjean has the exact name. They -- they're one of  
19 the largest contractors in China. They built the  
20 (indiscernible).

21 Q What is the name?

22 A I don't have the name. I have the name on the lease.

23 Q Okay. If you don't know, it's fine.

24 A It's a name. I've met with them. I have a draft of a  
25 lease and we have it on the desk (indiscernible) the name.

1 Q That lease is in the record, correct?

2 A It's not a signed lease yet.

3 Q It's not a signed lease.

4 A No, it's not a signed lease.

5 Q Okay.

6 A It is a pending lease.

7 Q You said there's a Vaxanix?

8 A Yes.

9 Q You have a signed lease with Vaxanix?

10 A No, but I have the representative of Vaxanix who's  
11 sitting in the courtroom and he, I believe, was designated  
12 as a witness.

13 Q Yeah, but you don't have a signed lease with Vaxanix in  
14 the record, correct?

15 A Not at this point. Not --

16 Q Okay.

17 A -- at this moment.

18 Q And you don't have a letter of intent that's been  
19 signed that's in the record of the Court, correct?

20 A We only have a draft of a lease that we've been  
21 negotiating. We don't have a signed lease or -- at this  
22 moment.

23 Q You then mentioned that this wasn't -- you don't have a  
24 lease, I don't believe, or a signed lease. You also  
25 mentioned Sonder, correct?

1 A Yes. That's correct.

2 Q Okay. And is this the same Sonder that you -- that was  
3 the Sonder in 2021 that you were negotiating leases with in  
4 2021?

5 A No.

6 Q This is a different Sonder?

7 A No. This is -- I just want to get the dates right,  
8 because I don't -- everyone's saying dates, and so there  
9 were, in 2020, in Feb 2020, the permit was obtained by the  
10 City of Houston for Sonder. The Sonder lease was signed in  
11 2019.

12 Q My question is, is this the same Sonder from 2020 that  
13 you are expecting or at least hoping to expect, sign a lease  
14 moving forward?

15 A Well, not sign a lease. We already have a signed lease  
16 with them. The problem is, is they -- when COVID happened,  
17 they did not move in and at least back to now, were --

18 Q But you don't have the signed lease -- okay. So,  
19 you're saying, they didn't move in because of COVID. Is  
20 that your testimony?

21 A They did not move in. COVID occurred. They did not  
22 move in. And in fact, I think we were in a deposition, you  
23 took their deposition in the (indiscernible) case and that  
24 is part of our claim and now they've come around during our  
25 --

1 Q Question is, my testimony that they didn't -- your  
2 statement that they didn't move in due to COVID. That's  
3 your statement, correct?

4 A No, no. Let me be very, very clear. I believe they  
5 made many excuses at that time, but the delays for them to  
6 move -- had they moved in before COVID, it would have been  
7 fine. We had a signed estoppel by then. But when COVID  
8 happened, they decided not to move forward with their lease  
9 for a number of reasons that they raised, one of them being  
10 permitting, which they had a permit, but now Justice Tom  
11 Phillips who represents my other companies against Sonder,  
12 we've had discussions where there is a real, viable deal on  
13 the table where Sonder will resume their release and we --  
14 and a potential, would waive the back obligations and  
15 resolve that issue and settle that issue with Sounder with  
16 having them move in the building and resuming their lease.

17 Q When you say settle that issue, you sued Sonder,  
18 correct?

19 A We compelled arbitration and that got --

20 Q You sued Sonder, correct?

21 A Yes.

22 Q Yes. And in fact, in your lawsuit against Sonder, you  
23 claim that they fraudulently provided information concerning  
24 their intentions under the lease. That's -- correct, that's  
25 your lawsuit against Sonder?

1 A Yes. Well, I think there's a number of -- because they  
2 signed the lease and COVID occurred and they came up with  
3 reasons not to move forward with the lease and --

4 Q And they sued you, too, correct?

5 A That is correct.

6 Q They sued you personally, correct?

7 A We had five different leases with Sonder.

8 Q They sued you with respect to the 2425 lease, correct?

9 A There are -- yes, there are five leases and ---

10 Q They sued you with respect to the 2425 lease, correct?

11 A That's correct.

12 Q Right. And in fact, in their lawsuit against you, they  
13 also sued you for fraud, correct?

14 A There's lot of allegations that are made. Yes.

15 Q All right. And that's the same tenant that you're  
16 telling the Court today is -- you expect to move in at some  
17 point here in the future and start paying rent?

18 A That's not part of our projections, but that is -- that  
19 -- and we're not including that in our projections, but that  
20 is a tenant to resolve the issue of what happened with COVID  
21 because they have litigation with lots of landlords.

22 Q You said that none of your tenants --

23 MR. BAKER: Objection. Counsel's interrupting.

24 MR. STEINBRUNNER: I didn't mean to interrupt.

25 THE COURT: Let him --



1 MR. STEINBRUNNER: I'm sorry --

2 THE COURT: Thank you.

3 BY MR. STEINBRUNNER:

4 Q Sorry.

5 A Yeah, that -- sorry (indiscernible) go fast.

6 Q You --

7 A (indiscernible).

8 Q You then said post November 2023, that you -- any of  
9 the tenants that you wanted to have sign new leases, they --  
10 none of them want to have SNDAs; is that correct?

11 A No. None of them want to have SNDAs? I don't --

12 Q I'm sorry. I want to clear up your testimony. You  
13 said that there were no lease agreements or any prospective  
14 lease agreements that were signed post November 2023,  
15 correct? November 1st?

16 A Post November?

17 Q First?

18 A No. No.

19 Q Okay.

20 A That's incorrect. We signed leases.

21 Q Since November 1st, 2023?

22 A Yes.

23 Q And have you asked NBK to approve any leases post  
24 November 1st, 2023?

25 A We have not asked NBK to approve leases post November --

1 - pursuant to the settlement agreement. We're not required  
2 to. It spells it out.

3 Q But you're not even required to ask for their  
4 permission. You can just do it, correct?

5 A That is correct; however, it does say that tenants who  
6 require SNDAs, the bank is required to provide SNDAs for the  
7 tenants who require SNDAs.

8 Q And you haven't requested that from the bank?

9 A We have. We repeatedly requested.

10 Q Do you have a single written correspondence, sitting  
11 here today, since November 1st, 2023 when you requested this  
12 from the bank?

13 A Absolutely.

14 Q And is that in the record?

15 A Mr. Baker has communications between the Bank of Kuwait  
16 where he's repeating -- where he's requested that. It's  
17 just, deaf ears. No response.

18 Q So your statement is, Mr. Baker's made these requests  
19 since November 1st, 2023 to NBK?

20 A I've also asked Mr. Conrad when I met him in the 281st.  
21 I asked him, we're getting leased up, but one of the things  
22 I need y'all's help with is SNDAs. We have to work together  
23 if we're going to get the --

24 Q Is any of this in writing?

25 A I believe Mr. Wetwiska sent emails. I know -- I've

1 also seen Mr. Baker's email where he's requested an SNDA and  
2 Mr. Baker has that email. I've seen it myself.

3 Q So Mr. Wetwiska and Mr. Reese, both since November 1st,  
4 have sent emails requesting SNDAs?

5 A I know Mr. Wetwiska has requested SNDAs. I don't know  
6 the exact timeframe of those SNDAs, when he's requested  
7 those, but it has been after the settlement agreement,  
8 because one of the handicaps for tenants --

9 Q If you don't know, that's fine, don't know the answer.

10 A I'm sorry? I'll --

11 Q Mr. Choudhri, I'll finish up some of (indiscernible).  
12 Do you believe that a U.S. Trustee is more than qualified to  
13 investigate any of the proposed claims that you say that the  
14 Debtor may have against NBK?

15 A You know, I don't know. I mean, I know that Mr.  
16 Alexander, who is willing to do this on a contingency  
17 against --

18 Q My question is, do you (indiscernible) Trustee.

19 A Your question?

20 Q The Trustee. I'm asking about the Trustee.

21 A Which Trustee?

22 Q The -- any U.S. Trustee, that if this case is converted  
23 --

24 MR. BAKER: Objection.

25 BY MR. STEINBRUNNER:

1 Q -- to Chapter 7, the Chapter 7 Trustee, you believe  
2 they'd be qualified to investigate and verify any claims the  
3 Debtor may have against NBK?

4 MR. BAKER: Your Honor, I'm going to object. He's  
5 asking -- I'm not sure what he's asking. He's asking about  
6 the U.S. Trustee's Office. I'm not aware if they even do  
7 that.

8 THE COURT: I think he's confused. I think the  
9 question he means to ask is about a Chapter 7 Trustee. So  
10 ask the question again. Mister -- before he does that, Mr.  
11 Choudhri, I want to make sure I understand because I either  
12 misheard or didn't hear your testimony correctly. Since the  
13 dismissal of the first bankruptcy for cause, I thought I had  
14 asked you if you had signed any new leases and you said no.  
15 Now, I think you're telling the Court that yes, you have  
16 some leases.

17 THE WITNESS: Yes, Your Honor.

18 THE COURT: Okay. So, since November 1st, 2023  
19 how many leases have you signed?

20 THE WITNESS: Two leases.

21 THE COURT: For how much space?

22 THE WITNESS: For around -- one is for about 3,000  
23 square feet.

24 THE COURT: And the other?

25 THE WITNESS: Six hundred square feet.

1 THE COURT: Okay. All right. Go ahead.

2 BY MR. STEINBRUNNER:

3 Q And just to clarify, I'm sorry, my question was with  
4 respect to the Chapter 7 Trustee. Do you have any reason to  
5 doubt that a Chapter 7 Trustee would not be qualified to  
6 investigate any claims the Debtor may have against NBK?

7 MR. BAKER: Objection. Lack of foundation. How  
8 would he know?

9 THE COURT: Calls for a legal conclusion I don't  
10 think he's qualified to make. I'll sustain the objection.

11 MR. STEINBRUNNER: Okay. Your Honor, I have no  
12 question. I'll pass.

13 THE COURT: All right. Let's go to -- do you have  
14 question?

15 MR. SATHER: Do I? Yes.

16 THE COURT: Come on over.

17 MR. SATHER: Although, are we skipping over Ms.  
18 Whitworth?

19 THE COURT: We'll come to her last.

20 MR. SATHER: Okay. Very good.

21 THE COURT: Just takes a second.

22 CROSS EXAMINATION OF ALI CHOUDHRI

23 BY MR. SATHER:

24 Q All right. Mr. Choudhri, I'd like to direct your  
25 attention to Exhibit 88-8 -- 18, excuse me, 88-18. Do you

1 recognize this as a true and accurate representation of the  
2 building we've been talking about all day?

3 A Yes.

4 Q And going through, does this depict the atrium as you  
5 go in?

6 A Yes.

7 Q And then are these more representative photographs  
8 showing what this building looks like today?

9 A Yes.

10 Q Now, I know that buildings can be classified as Class A  
11 Class B, Class C. Do you know what class this building is  
12 considered to be?

13 A I would classify it as Class A.

14 Q Okay. Now, after the bankruptcy was dismissed, the  
15 first bankruptcy was dismissed in November, how quickly did  
16 the bank move to foreclose?

17 A They posted it for December.

18 Q All right. And so, that didn't give you a lot of time  
19 to make changes or improvements, did it?

20 A No.

21 MR. STEINBRUNNER: Objection, leading.

22 MR. SATHER: That was leading, so --

23 THE COURT: I'll sustain the objection.

24 MR. SATHER: All right. I apologize.

25 BY MR. SATHER:

1 Q All right. Would you agree with -- well, no. The  
2 Court can do the math. Now, what have you done since  
3 November 1st to improve the financial operations of the  
4 property?

5 A We have engaged in lease-up. We are working with a  
6 number of tenants, test fits, to push that along. We're  
7 locating tenants to take space as is. We -- I've had  
8 discussions with this significant biotechnology company and  
9 they have approved to move forward with a lease. So, I have  
10 had a number of meetings with them. The name of the company  
11 is Vaxanix and they've acquired additional companies. So  
12 they need a lot more space and that -- the question is, how  
13 much more space will they need.

14 But they've expressed to me that they're prepared to  
15 sign a lease within 45 days and that's a significant lease  
16 that could really turn into a large occupancy in the  
17 building. In addition to that, there is a Chinese national  
18 company that is interested in moving forward with a large  
19 lease in the building as well. We did get clarification  
20 from Judge Manor on that issue that (indiscernible) Judge  
21 Lopez about the allegation of forgery on the Naissance  
22 Galleria, that that was one of the factors.

23 MR. STEINBRUNNER: Objection to this as lack of  
24 foundation, relevance.

25 THE COURT: I'll sustain the objection.

1 BY MR. SATHER:

2 Q I'm just asking you -- and maybe I was unclear, but I  
3 was just asking you about business-wise, what you've done to  
4 improve the operations. And you mentioned a number of  
5 leases. Have the actions that you've taken there improved  
6 or harmed the value of the property?

7 A It's improved the value of the property. We also have  
8 a considerable amount of recent prospects, one of which is  
9 called the Cellar of Houston, which is a tenant that --

10 MR. STEINBRUNNER: Your Honor --

11 THE WITNESS: -- signed --

12 MR. STEINBRUNNER: Object. Lack of foundation.  
13 Talking about prospects that aren't in evidence.

14 THE COURT: I'll sustain the objection.

15 THE WITNESS: Sorry.

16 BY MR. SATHER:

17 Q Okay. All right. Now, are you personally involved in  
18 these efforts to obtain new tenants?

19 A Absolutely. Yes, I am.

20 Q And based on your experience in the Houston office  
21 market, are conditions relatively better or worse for  
22 business climate and attracting new tenants?

23 A I believe with a rate drop and people are starting to  
24 come back to work and I believe the environment seems to be  
25 -- especially the location we are, but office is definitely



1 challenging --

2 MR. STEINBRUNNER: Your Honor, I'm going to have  
3 to objection again to speculation and now he's giving an  
4 expert opinion on the market.

5 THE COURT: I'll sustain the objection. Thank  
6 you.

7 BY MR. SATHER:

8 Q Now, it costs money to operate a business -- the  
9 building, doesn't it?

10 A Yes.

11 Q Now, when you came in on the motion for use of cash  
12 collateral, you agreed to hold that down, correct?

13 A We did.

14 Q And so, does that mean that you are paying expenses  
15 without use of cash collateral?

16 A That's correct.

17 Q And who is paying those expenses?

18 A Through an affiliate, through my family, I am.

19 Q Okay. And have you signed any -- are you asking for  
20 that money to be paid back or do you consider that to be  
21 more in the nature of a capital contribution?

22 A It's capital. It's not a loan.

23 Q And why would you be advancing money to the Debtor  
24 without having the ability to get paid back?

25 MR. STEINBRUNNER: Your Honor, objection.

1 Misstates his testimony. He didn't say it was him advancing  
2 the money.

3 THE COURT: I'll sustain the objection.

4 MR. SATHER: Okay. Well, actually, I think he  
5 did.

6 THE COURT: Said it was an affiliate.

7 MR. SATHER: Okay.

8 BY MR. SATHER:

9 Q Now, the counsel who was up here before me -- and I  
10 apologize, I don't --

11 MR. STEINBRUNNER: Steinbrunner.

12 BY MR. SATHER:

13 Q -- recall his name -- asked about suing the bank. Have  
14 you sought out legal representation to sue the bank?

15 A Yes.

16 Q But does your plan depend upon obtaining a financial  
17 recovery from the bank or would that just be icing on the  
18 cake?

19 A Rely -- it's not -- the plan doesn't rely on that.

20 MR. SATHER: I would move admission of 88-18.

21 MR. STEINBRUNNER: That's the pictures?

22 MR. SATHER: Yes.

23 MR. STEINBRUNNER: I mean, I would lightly object  
24 on relevance grounds, but --

25 THE COURT: I'll admit it. That's fine. Thank

1     you.

2                   (Exhibit 88-18 entered into evidence)

3           MR. SATHER: I'll pass the witness.

4           THE COURT: Thank you. Ms. Whitworth, maybe you  
5     can provide some clarity.

6           MS. WHITWORTH: I'm going to try to do these  
7     exhibits, figure this out, Judge. Bear with me.

8           THE COURT: No.

9           MS. WHITWORTH: I did it.

10           RE CROSS EXAMINATION OF ALI CHOUDHRI

11     BY MS. WHITWORTH:

12     Q     Mr. Choudhri, I'm going to ask you, at -- this is the -  
13     - let's see.

14           THE COURT: Is it possible I can get a hard copy  
15     of this, Mr. Baker?

16           MR. BAKER: I don't have a hard copy.

17     BY MS. WHITWORTH:

18     Q     This was admitted earlier. This is a -- the projection  
19     was admitted as a projected income, and I just want to make  
20     sure, you know, I'm a lawyer doing math here, just make sure  
21     I understand these figures. So, is it your testimony -- let  
22     me go up to -- that in April, April 2024 which is in two  
23     months, I guess, that at the end of the day, the Debtor is  
24     going to have a net operating loss of 118,000? Is that  
25     correct?

1 A Yes.

2 Q And this is based on the current tenants that are in  
3 the building today; is that correct?

4 A Yes.

5 Q Does this include the two leases that you signed up  
6 that you just described to Judge Norman between November and  
7 the filing of the case -- and today?

8 A I don't believe it does. I believe we discounted some  
9 of the leases to be very conservative as Mr. Norris insisted  
10 on --

11 Q Is it -- are they in there or not? Yes or no?

12 A No, ma'am.

13 Q Okay, thank you. So, how much, the two leases, the  
14 3,000 square feet and the 600 square feet, how much more per  
15 month will that -- those two leases add to this figure?

16 A About 9,500 a month.

17 Q Okay. So, it's not going to really put a dent in the  
18 loss of the 118,000. It'll be 110,000?

19 A That's correct.

20 Q Okay.

21 A Based on these projections, which don't include a lot -

22 Q Okay.

23 A (indiscernible).

24 Q So --

25 THE COURT: Mr. Choudhri, as I understand your

1 plan -- correct me if I'm wrong -- you're going to run a  
2 deficiency for quite some time under the terms of your  
3 proposed plan, but you would fund that deficiency with the  
4 an inflow of \$2.4 million?

5 THE WITNESS: Absolutely. Yes, Your Honor.

6 THE COURT: And it's your -- eventually hoping to  
7 get to a place where the rental income basically puts you in  
8 in the black?

9 THE WITNESS: Yes. Exactly.

10 THE COURT: Go ahead.

11 THE WITNESS: Exactly.

12 BY MS. WHITWORTH:

13 Q Okay. Let's talk about the plan. I had that up  
14 pursuant to -- so this is the plan. This is the document  
15 filed in a docket, Document 95 which is your plan. You talk  
16 -- you just told the judge you're going to fund two point --  
17 or some entity, related entity that you have is going to  
18 fund \$2.5 million into the Debtor. However, it's not just  
19 going to fund the plan. There are a lot of restrictions on  
20 the use of that money. All of these restrictions, one  
21 through ten, have to be met in order for those funds to be  
22 available to the Debtor; is that correct? Am I reading this  
23 correct?

24 A It -- you know, yes. That's what this plan says.  
25 (indiscernible). The idea is -- I'm actually flexible

1 making it work --

2 Q But the question is this. Is this the plan? Are these  
3 the requirements to use the money, one through ten?

4 A Yes.

5 Q I'm sorry. It's been a long day.

6 A Sorry.

7 THE COURT: Let me ask you this question because  
8 actually I just saw this for the first time. I think  
9 there's a very strong argument, Mr. Choudhri, to let me sua  
10 sponte appoint a Chapter 11 Trustee. Okay? And I've just  
11 seen for the first time that one of your restrictions is no  
12 Chapter 11 Trustee appointed. Okay?

13 It seems to me from all of the evidence that we've  
14 gone around and around and told me a bunch of stuff I don't  
15 need to know, the major problem I'm having right now is,  
16 probably the problem the Trustee is having, is we've got no  
17 independent Debtor. We have a Debtor who is being run by  
18 creditors of the Debtor, which doesn't work in Chapter 11.  
19 That's a big problem. Okay, and nothing you've said has  
20 addressed that problem. Nothing at all. Okay?

21 So, if I blow up your plan by appointing a Chapter  
22 11 Trustee, what are you going to do?

23 THE WITNESS: I would have to visit with the, you  
24 know, the investors -- the investor and say, hey --

25 THE COURT: It's your mother, right?

1 THE WITNESS: Yeah, and basically -- and family  
2 members are wanting to put even more money in, because we  
3 believe in it and I would have to figure out kind of what  
4 they're going to do and how it makes sense, because  
5 candidly, Your Honor, I'm -- I completely am okay with  
6 transparency. And I'm sorry that I didn't sell the  
7 property, carry the debt.

8 THE COURT: don't need an explanation  
9 (indiscernible). So your response to me is, if I appoint a  
10 Chapter 11 Trustee, this case may get torpedoed, it may not,  
11 depending upon your family members?

12 THE WITNESS: Your Honor, honestly, I would just  
13 have to look at the -- what -- how the plan would be  
14 adjusted and if Your Honor would just give us some time,  
15 we'd figure that out.

16 THE COURT: Okay. Thank you. go ahead.

17 BY MS. WHITWORTH:

18 Q You mentioned -- earlier, I noticed in the questioning  
19 you would not testify that you personally as the owner of  
20 the owner of the owner of the building, do not have an  
21 opinion on the value of the building. Do you recall that?

22 A I do, because I -- it does change, but as I sit here,  
23 I'm sure I could have an opinion. I just --

24 Q Do you have an opinion today of the value of this  
25 building?

1 A My personal opinion, and maybe I'm, like, Mr. Patrick  
2 said, a little more optimistic or as (indiscernible), as the  
3 judge says. I believe there is value based on --

4 Q Do you have an opinion? Mr. Choudhri, do you have an  
5 opinion of value? Yes or no.

6 A Yes, I have.

7 Q And what is that value?

8 A I'm not prepared to give you a value right this second.  
9 I could assimilate an opinion of value. I just didn't come  
10 in here prepared for --

11 Q Okay. You -- strike that. Never mind. Just strike  
12 that. You -- and I have notes here that you -- and maybe I  
13 misheard -- that you spent \$20 million to repurpose the  
14 building and you gave a list of different things. Did --  
15 after -- what -- is that right? Did the Debtor put \$20  
16 million into this building? And if so, when?

17 A The creditor did, and it -- I was referring to what's  
18 also confirmed by the Bank of Kuwait's loan memo, that they  
19 verified --

20 Q For \$20 million put in improvements in this building?

21 A Yes. Yes.

22 Q And when was that?

23 A Around 2016. Around 2015, 2016 and maybe 2017.

24 Q Okay.

25 A And then I -- there's additional monies put in, in



1 addition to the 20 million after the Bank of Kuwait loan  
2 (indiscernible).

3 Q So after -- that was in May of 2018; is that correct?

4 A 2018.

5 Q So, there's 20 million that was put into this building  
6 in 2016, 2017, plus additional money that was put into the  
7 building into the improvements in 2018.

8 A After 2018. I --

9 Q After 2018.

10 A I would have to look at the schedule of how much was  
11 spent when.

12 Q What is your recollection of -- so it's 20 million plus  
13 how much, more or less?

14 A Well, the 20 million is the improvements after the  
15 purchase of the building to -- in capital expenses into the  
16 building like sprinklerizing the building, putting in new  
17 elevators, and et cetera, et cetera. But since that's  
18 happened, there's been additional investment, I would say --  
19 and I don't want to guess. I want to be precise. I would  
20 really have to calculate that.

21 Q Give me an estimate? And I'm talking about the time  
22 period from 2018. So, but let me be clear about your  
23 testimony, because you say one thing and then I hear  
24 something else. So let me ask you this. You said you  
25 purchased the building or the testimony is that you

1 purchased the building -- and I say you, being the Debtor or  
2 the Debtor's predecessor entity, 2425 WL LLC purchased the  
3 building in 2012. Is that correct? I think that's what Mr.  
4 Darjean testified to.

5 A I, through 2425 was -- purchased the property --

6 Q Okay.

7 A -- in 2012.

8 Q Okay.

9 A And there was a -- and then there was a 2017, 2425 WL.  
10 In 2018, 2425 WL sold the property to --

11 Q To the Debtor.

12 A -- Galleria 2425 Owner, the Debtor.

13 Q Got it.

14 A And then did a seller carry and --

15 Q Okay, I don't -- that's -- title issue is it went from  
16 2425 WL LLC --

17 A To Galleria.

18 Q -- to Galleria.

19 A Yes, ma'am.

20 Q So the Debtor.

21 A Yes, ma'am, to the Debtor.

22 Q So, when it -- between 2012 and then 2016, were any  
23 capital improvements made?

24 A Yes.

25 Q Is that part of the \$20 million that you testified to

1 earlier or is that a different chunk of change that went  
2 into the building?

3 A So, the money that --

4 Q I'm just trying to identify your testimony. That \$20  
5 million is a lot of money and it's more than what the -- on  
6 the schedules, the value of the property. So, if \$20  
7 million actually went into the building itself, not the  
8 dirt, but the building, I'm just trying to get my head  
9 wrapped around how -- where did that money go, where did the  
10 value of those improvements go?

11 A Well, for example, this was the largest lease done and  
12 there was over \$6.5 million commissions paid to CBRE when  
13 Stage Stores signed their lease. There was also TIs done.

14 Q No, no. The -- I'm talking about the building itself,  
15 not the leases, not the tenants. The actual building  
16 itself. \$20 million capital improvement into the building.  
17 Was that 2016 and 2017?

18 A It would have been sprinkled over the years from the  
19 time that my entity purchased the building up to the time  
20 that the loan was obtained by Stage Doors. Sorry, Stage  
21 Doors. It's been long (indiscernible). Up until the time  
22 the deal was closed with the Bank of Kuwait, so --

23 Q That's 2018?

24 A Correct. So during that time, I can't sit here and  
25 tell you exactly how much was spent every year off the top

1 of my head.

2 Q You testified \$20 million was put to repurpose the  
3 building.

4 A There was \$20 million --

5 Q When did you do that?

6 A Over a period of years.

7 Q Okay. Okay. Let's move on. You testified that  
8 between November 1st, 2023 and the date you filed this case,  
9 which would be December 5th, you took action to protect the  
10 building and enhance the building. Would you consider the  
11 payment of -- looking for your SOFA. Would you consider  
12 paying out \$118,000 to Jetall, a sister affiliated company,  
13 assisted and helped improve the value of the building when  
14 taxes were owed, when insurance was owed, when the expenses  
15 -- operating expenses were owed? I'm trying to find the  
16 disclosure on that. How did that \$118,000 disbursement out  
17 of the Debtor's bank account to Jetall assist in increasing  
18 the value of the building?

19 A Well, there's a lease that was executed after the -- in  
20 the last -- in October. I can't recall when. It might have  
21 been -- I think it was September or October, there was a  
22 lease signed with an insurance company called Bankable  
23 Equity, that wanted to go into another building that we  
24 manage and we -- because we're trying to fill this building  
25 up, we showed them both buildings and they liked this

1 building and we gave them more incentive and made some  
2 sacrifices, so Jetall did make some sacrifices to hold that  
3 tenant. That's how much we believe in the building.

4 Q -- have documents to show that?

5 A Yes.

6 Q Are they in evidence today?

7 A We have a ledger of every payment, everything, Ms.  
8 Whitworth. We have signed leases and I -- you know, I  
9 didn't know we (indiscernible) signed leases today in the  
10 record. But we have them here and I have the signed leases  
11 on -- that I brought to Court.

12 MS. WHITWORTH: I don't have any other questions,  
13 Judge. I pass the witness.

14 THE COURT: Thank you. Let me go back to Mr.  
15 Steinbrunner. Do you have any questions?

16 MR. STEINBRUNNER: No further questions, Your  
17 Honor.

18 THE COURT: Mr. Baker?

19 REDIRECT EXAMINATION OF ALI CHOUDHRI

20 BY MR. BAKER:

21 Q Okay, there's been a comment made that you've not  
22 really addressed the issues of the conflicts. Okay? But I  
23 think you correctly addressed that in saying that. Let me  
24 just confirm. You're going to move forward to get a CRO, a  
25 chief restructuring officer, who could come in and oversee

1 and manage the company to alleviate these issues with  
2 conflicts. Is that correct?

3 A That's correct.

4 Q Okay. So, that directly addresses the issues of the  
5 conflicts of you being involved in everything at that point  
6 in time, doesn't it?

7 MR. STEINBRUNNER: Objection, Your Honor. Asks  
8 for a legal conclusion.

9 THE COURT: I'll sustain the objection.

10 MR. BAKER: I'm sorry, I didn't follow the  
11 objection.

12 THE COURT: Calls for a legal conclusion and I  
13 sustained it. You've asked him specifically if that would  
14 alleviate the issues of conflict of interest --

15 MR. BAKER: Oh --

16 THE COURT: It asks for a legal conclusion. I  
17 sustained his objection.

18 MR. BAKER: Okay. Okay.

19 BY MR. BAKER:

20 Q Well, if you were to get a chief restructuring officer,  
21 is it your understanding that you would let them manage the  
22 company, have signatory authority, and address the issues  
23 for the company?

24 A Yes.

25 Q Okay. Okay, so let me go back. There were questions

1 asked of you about your attorney making a representation  
2 that in 60 or 90 days back in, I think March or April, you'd  
3 get everything cleaned up. What happened to cause that time  
4 period not to be sufficient?

5 A The continuing interference with the bank, with our  
6 ability to (indiscernible) the deal that we made.

7 MR. STEINBRUNNER: Objection, Your Honor. Hearsay  
8 and talking about a deal they made that's not in evidence.

9 THE COURT: I'll sustain the objection.

10 MR. BAKER: Your Honor, this is --

11 THE COURT: I sustained the objection, Mr. Baker,  
12 move along. And I'm not sure, even if I would let it in,  
13 it's not going to make any -- it's really not going to have  
14 any effect on how I rule.

15 MR. BAKER: Okay. Okay. No further questions,  
16 Your Honor.

17 THE COURT: Mr. Sather?

18 MR. SATHER: No questions, Your Honor.

19 THE COURT: Ms. Whitworth?

20 MS. WHITWORTH: No more questions, Judge. Thank  
21 you.

22 THE COURT: Back to you.

23 MR. STEINBRUNNER: No more question, Your Honor.

24 THE COURT: Thank you, sir. I think you can step  
25 down.

1 MR. BAKER: Thank you.

2 THE COURT: All right, Mr. Baker, you have another  
3 witness?

4 MR. BAKER: Yes. I call Mr. Faisal Shah.

5 THE COURT: Well, let's do this. Let me ask you  
6 this, because I have to get -- I have to be out of her by  
7 five and I've got other things to do. Are you going to be  
8 finished in the next 30 minutes?

9 MR. BAKER: Yes.

10 THE COURT: Okay. All right. Come on up.

11 MR. FITZMAURICE: So, Your Honor, I would object  
12 to the witness. We'd like a offer of proof, perhaps, of  
13 what his testimony is. I think it's going to be that he  
14 might be a tenant at some point in the future, and we would  
15 have all the same objections that we've had throughout the  
16 day in terms of foundation and admissibility of testimony  
17 without there actually being a lease in evidence, and of  
18 course, there is not.

19 THE COURT: Mr. Baker?

20 MR. BAKER: Your Honor, this is a direct  
21 representative of a potential tenant and I think he can tell  
22 the Court exactly what is going on with regard to a proposed  
23 lease. It's not speculation. This is from the tenant  
24 himself. This is not testimony --

25 THE COURT: The lease isn't in evidence. Right?



1 I don't have it in front of me to look at, right?

2 MR. BAKER: Correct.

3 THE COURT: Okay. Then why don't you do this?

4 Why don't you proffer his testimony and I'll decide if want  
5 it. I'll let you call him. Go ahead.

6 MR. BAKER: Okay.

7 THE COURT: Sit down, sir.

8 MAN: Yes, sir.

9 MR. BAKER: Your Honor, what he would testify to  
10 is that he is a representative of the proposed new tenant.

11 THE COURT: Who is?

12 MR. BAKER: Think it's -- I can't pronounce it.

13 THE COURT: This a pharmacy company  
14 (indiscernible)?

15 MR. BAKER: I think it's (indiscernible).

16 THE COURT: Okay.

17 MR. SHAH: Vaxanix.

18 MR. BAKER: Vaxanix. Okay. It's a strange one,  
19 I'm sorry. And that they are go a point where they believe  
20 they're going to go forward and execute a lease and move in  
21 and that they are satisfied with the -- they like the  
22 building. They like the space and they want to move forward  
23 with (indiscernible).

24 THE COURT: And do you know what the value of that  
25 lease is?

1 MR. BAKER: When you say value --

2 THE COURT: Yeah, to the Debtor. Do you know what  
3 the lease terms are?

4 MR. BAKER: I do not.

5 THE COURT: Okay.

6 MR. BAKER: He can testify to that.

7 THE COURT: Call him forward. Let's -- I'm going  
8 to examine him real quick.

9 MR. BAKER: Sure.

10 THE COURT: Come on forward, sir. Please raise  
11 your right hand and be sworn. Do you swear or affirm to  
12 tell the truth, the whole truth, and nothing but the truth,  
13 go help you God?

14 THE WITNESS: Yes, Your Honor.

15 THE COURT: Please be seated. (indiscernible).  
16 Don't worry. I'm not the village idiot. All right. Talk  
17 into the microphone. Can I get you state your name for the  
18 record, sir?

19 THE WITNESS: Yes, sir. My -- sorry.

20 THE COURT: Don't need to yell.

21 THE WITNESS: Yes, sir. My name is Faisal, that's  
22 F-A-I-S-A-L. My last name is Shah, spelled S-H-A-H.

23 THE COURT: Okay. All right. Mr. Shah, you are a  
24 representative of which company?

25 THE WITNESS: Your Honor, I'm an attorney and I am

1 the outside general counsel for Immunicom --

2 THE COURT: Spell that for me?

3 THE WITNESS: I-M-M-U-N-I-C-O-M, Immunicom, Inc.,  
4 a Delaware corporation.

5 THE COURT: All right.

6 THE WITNESS: That is being acquired by Vaxanix,  
7 V-A-X-A-N-I-X, second word is Bio, B-I-O, Limited, L-T-D,  
8 period, a Nevada corporation. And I'm handling the --

9 THE COURT: So--

10 THE WITNESS: -- acquisition.

11 THE COURT: You are outside general counsel,  
12 though, for Immunicom?

13 THE WITNESS: For Immunicom, which will become a  
14 division --

15 THE COURT: At some point in time, but right now,  
16 that's who you represent?

17 THE WITNESS: That's correct. The deal is signed.  
18 The asset purchase agreement is signed.

19 THE COURT: Okay. All right. So, have you  
20 personally been in negotiation with this Debtor for a lease?

21 THE WITNESS: Yes.

22 THE COURT: Okay. All right. When did those  
23 negotiations (indiscernible) negotiations begin?

24 THE WITNESS: October.

25 THE COURT: Of?

1 THE WITNESS: Of 2023.

2 THE COURT: All right. And how much space is your  
3 client thinking about leasing?

4 THE WITNESS: Immediately, one-half of one floor.

5 THE COURT: Do you know how many square feet that  
6 is?

7 THE WITNESS: It's roughly 11,000, something like  
8 that.

9 THE COURT: One half. Okay. And when would that  
10 lease begin?

11 THE WITNESS: Approximately 60 days.

12 THE COURT: All right. And what are the least  
13 terms?

14 THE WITNESS: We would pay market. We could do a  
15 five-year lease with -- we'd want another five year renewal  
16 option on top of that.

17 THE COURT: Five year lease, five year renewal.  
18 When you say market, what do you think market is?

19 THE WITNESS: We've been told that we would be  
20 shown what -- well, we -- this is what we've asked for. We  
21 think that market is around 40 bucks.

22 THE COURT: Okay. And you've heard -- what about  
23 buildout and then credits for buildout? How's that going to  
24 work?

25 THE WITNESS: Sure. So -- and all of this is in

1 the context of Vaxanix's CEO, who's based in New York, Mark  
2 Germain, visiting, Houston in October with the Immunicom CEO  
3 who was here from San Diego. They made the decision that  
4 the back office, the Vaxanix should be staffed and built out  
5 in Houston as a cost saving measure because the companies  
6 have operations on the east coast and west coast. And so  
7 they came. They walked the building. They looked at the  
8 area.

9 THE COURT: You're giving me a narrative. I don't  
10 want a narrative.

11 THE WITNESS: Sure. sorry.

12 THE COURT: So what sort of base rent abatements  
13 are going to be in that lease?

14 THE WITNESS: They want some months of free rent.  
15 They want --

16 THE COURT: Some months can mean one month. It  
17 can mean ten months. Can you be more definitive?

18 THE WITNESS: We want at least three.

19 THE COURT: Okay.

20 THE WITNESS: Yeah.

21 THE COURT: Anything else?

22 THE WITNESS: And then we want to buildout to be  
23 included. Buildout that we need. We've been to the 11th  
24 floor, so the buildout we need is no walls moved around, but  
25 we need partitions put up because there's --

1 THE COURT: How much --

2 THE WITNESS: -- a lot of empty space.

3 THE COURT: -- the cost of that/

4 THE WITNESS: We don't know. It would be on the  
5 landlord. We've described what we want to the landlord and  
6 we've asked the landlord for (indiscernible) and rendition  
7 showing.

8 THE COURT: Has there been any draft lease drafted  
9 at this point in time?

10 THE WITNESS: No. I'm waiting on a term sheet  
11 from them.

12 THE COURT: All right. I'll let anyone cross  
13 examine, but only on what I've just asked. Anyone want to  
14 ask anything?

15 MR. SATHER: Your Honor, no, but was the witness  
16 sworn?

17 THE WITNESS: Yes.

18 THE COURT: He was.

19 MR. SATHER: Sorry. I -- it's been a long day.

20 MR. STEINBRUNNER: Your Honor, just a couple  
21 questions.

22 THE COURT: Sure. Come on. That's what we're  
23 here for.

24 CROSS EXAMINATION OF FAISAL SHAH

25 BY MR. STEINBRUNNER:

1 Q Just to clarify.

2 A Yes, sir,.

3 Q And it's Mr. Shah, correct?

4 A Yes, sir.

5 Q Okay. You said there's no term sheet currently?

6 A I have requested one and I'm instructed by Vaxanix's  
7 CEO to get not just a term sheet. He's instructed me to get  
8 a lease.

9 Q Okay. And when did you make that request?

10 A Conversation started in October. The request, I made  
11 it directly to Mr. Choudhri. I think it's been almost two  
12 months.

13 Q Two months ago?

14 A Yes.

15 Q And have you received a response with the term sheet?

16 A No. I'm told it's -- I'm told that the -- that we'll  
17 get a draft lease and I have also asked for an SNDA, because  
18 Mr. Choudhri informed me about the situation with the  
19 building, and that's something that was concerning us. And  
20 (indiscernible).

21 Q And just one -- maybe one last question. There's no  
22 letter of intent or is there a letter of intent on your  
23 behalf with the -- a signed letter of intent with the  
24 Debtor?

25 A I believe I have sent -- I believe, I'm not entirely

1 certain, I believe I have sent an email to Mr. Choudhri  
2 requesting lease and those very general terms that I  
3 described, that I thought would function as a letter of  
4 intent.

5 Q Okay. My last question is, subject to whatever  
6 negotiations you have (indiscernible), Vaxanix or Immunicom,  
7 you can walk away from this opportunity at any point in  
8 time, correct?

9 A Vaxanix and Immunicom can walk away at any time from  
10 the building.

11 MR. STEINBRUNNER: No more question, Your Honor.

12 THE COURT: Anyone else? Mr. Baker?

13 MR. BAKER: I'm not sure I heard this, but if you  
14 get a lease and everything gets signed, how quickly does  
15 your client want to move in?

16 THE COURT: Sixty days. He answered the question.

17 MR. BAKER: Okay.

18 THE COURT: Thank you.

19 MR. BAKER: that's all.

20 THE COURT: Anything else? Thank you, sir.

21 You're excused.

22 THE WITNESS: Thank you.

23 THE COURT: Thank you for coming.

24 THE WITNESS: Thank you.

25 THE COURT: Mr. Baker.



1 MR. BAKER: Nothing else, Your Honor.

2 THE COURT: All right. All right, Ms. Whitworth,  
3 I want to hear from you. You've now heard what I've heard  
4 and what you have to tell me, I think, it is really, really  
5 important and what you'd like to see me do. So, I'll hear  
6 from you and then I'll hear from all the other parties, but  
7 I want to hear from you first.

8 MS. WHITWORTH: Judge, Jana Whitworth on behalf of  
9 the United States Trustee. Your Honor, I've worked on this  
10 case for a while. I conferred with my colleague, Mr. Jason  
11 Rund who represented the U.S. Trustee in the prior case, to  
12 get his -- all the information to make sure I had the whole  
13 picture.

14 I have worked with Mr. Baker's office to get  
15 documents, bank statements, corporate documents. I have  
16 never received a -- there's a few things missing, and that's  
17 -- where the holes are, is where the concerns arise. Number  
18 one is the fiduciary issue. All of these entities are  
19 inextricably intertwined. Money flows under the bank  
20 statements from one entity to another entity. I mean, you  
21 just look at the SOFA.

22 They disclosed it, in due faith -- I mean, in good  
23 faith, they disclosed it, but still, there's no underlying  
24 management agreement. There's no accounting for the money  
25 that goes back and forth between all these entities.

1           Just, the Trustee is very, very concerned about  
2     the fact that there doesn't appear to be a fiduciary  
3     standing in the shoes of the Debtor to investigate all of  
4     these transactions and also investigate the claim of the  
5     breach. If the bank breached some settlement agreement and  
6     the Debtor is entitled to a setoff, that's something that  
7     needs to be looked at, too, that a Chapter 7 Trustee could  
8     review.

9           And then the other issue, Judge, is feasibility.  
10    We can't get a -- the property is obviously worth more than  
11    the 18.5 that's in the schedules. The taxing authority has  
12    it valued at 26 million which, you know, it's taxing  
13    authority, but still.

14           And then again, we've got a building that there's  
15    no evidence of how much it's truly worth. We've got  
16    projections from the Debtor itself that it's going to run in  
17    the negatives for many months. The plan that they want to  
18    rely on under, you know, the -- to rebut the presumption of,  
19    of converting under 1112(b)(1) doesn't make sense. It's --  
20    the plan itself is limiting, you noticed it yourself, Judge,  
21    that basically the Debtor stays in control. They're going  
22    to give the money, but there's so many strings that it just  
23    doesn't appear to be a feasible plan.

24           So at this point in time, Judge, I would recommend  
25    that the Court either sua sponte appoint a Chapter 11

1 Trustee -- but at that point, who's going to pay for it? If  
2 the property is that far in the hole with the sixty -- if  
3 the bank's proof of claim is sustainable, there's no setoffs  
4 involved, this is like \$67 million.

5 THE COURT: Here's my thought process and I'm just  
6 going to talk out loud on the record. So, my original  
7 thought is, let's appoint a Chapter 11 Trustee. If the  
8 Debtor then -- I mean, if the Debtor then wants to fund the  
9 Trustee and see if they can make a go of it, then I've given  
10 them an opportunity to do what they say they're going to do.

11 And if there's no money, then the Chapter 11  
12 Trustee can come to me and say, Judge, convert the case.  
13 Okay. But I think that's where I'm headed, okay, just  
14 because I think it's the middle road. It doesn't kick the  
15 Debtor out on the street. But by the same token, it gives  
16 an independent party with no conflicts of interest an  
17 opportunity to tell me what's really going on because I'm  
18 not sure I know what's really going on. I'm not sure, you  
19 know what's going on.

20 MS. WHITWORTH: No, I don't, Judge. That's the  
21 problem.

22 THE COURT: Okay. So, let me hear from the movant  
23 first.

24 MS. WHITWORTH: Can I make one suggestion, Judge?

25 THE COURT: Sure.

1 MS. WHITWORTH: I'm sorry. I don't want to abuse  
2 my --

3 THE COURT: No, that's fine.

4 MS. WHITWORTH: If we do a Chapter 11 Trustee, and  
5 of course the U.S. Trustee stands ready, willing, and able  
6 to comply with whatever you order us to do, Judge. You know  
7 that.

8 THE COURT: You know the best person to appoint,  
9 hopefully.

10 MS. WHITWORTH: That's the thing, is my guys are  
11 going to look at this case and they're going to see --

12 THE COURT: well --

13 MS. WHITWORTH: -- the numbers and they're going  
14 to want to know. So what my thought process in analyzing  
15 this earlier was, if maybe part of the appointment process,  
16 the judge -- the Court requires some sort of report or  
17 accounting, a short term report by the Chapter 11 Trustee on  
18 feasibility. And that way -- it's just a thought, Judge,  
19 just to try to make it more marketable for us to go find  
20 somebody to take that role, say look, you know, we've got --  
21 and maybe even include --

22 THE COURT: The Debtor has some cash.

23 MS. WHITWORTH: That -- they have cash, Judge, in  
24 -- but it's subject to the bank's cash collateral. I  
25 understand, Judge.

1 THE COURT: Okay.

2 MS. WHITWORTH: It's just a thought. It's just a  
3 thought. Thank you.

4 THE COURT: All right. I appreciate it. All  
5 right. Mr. Fitzmaurice or Mr. Steinbrunner, whoever wants  
6 to go.

7 MR. FITZMAURICE: Thank you, Your Honor. Patrick  
8 Fitzmaurice from Pillsbury on behalf of the National Bank of  
9 Kuwait. Your Honor has heard, I think, perhaps more than  
10 expected, a lot of argument and evidence on a lot of  
11 different issues, some of it actually relevant to the  
12 motion. Much of it not, at least in my view.

13 I think if we sift through the noise, here's where  
14 we are. The Debtor hasn't paid taxes in five years. Now,  
15 the Debtor says, well, those taxes were paid, sure by  
16 somebody else, pursuant to a loan and that party acquires  
17 the tax lien. Those amounts still have to be paid. They  
18 don't just go away because somebody else paid them for the  
19 Debtor -- for the Debtor. They still have to be paid. They  
20 just get paid to somebody else.

21 I'll note that the plan does not call for the  
22 payment of the tax liens that were transferred to National  
23 Bank of Kuwait under the settlement agreement. So, the  
24 Debtor hasn't paid taxes in five years. The Debtor has  
25 operated at a loss for the entire year. The Debtor has come

1 forward with projections, time after time, and time after  
2 time has not come close to meeting them. October, November,  
3 and December revenues were half of what they were supposed  
4 to be.

5 There is no evidence that supports feasibility of  
6 the plan. There isn't a lease, a letter of intent, a  
7 commitment, anything that would support the ability of the  
8 Debtor to confirm a plan going forward. There is simply  
9 nothing. Your Honor, I have specific issues that I could  
10 argue, point out with respect to the plan in terms of  
11 classification and so on. We're going to put that to the  
12 side for now.

13 I heard Your Honor loud and clear about where  
14 you're leaning, and obviously we'll follow whatever  
15 direction that the Court takes and the Court gives us. The  
16 concern that we have is that we're going to be right back  
17 here, having spent a bunch of money on Chapter 11, in very  
18 short order. The idea that there's going to be an  
19 independent fiduciary who's going to operate the business  
20 for some period of time for the benefit of all creditors,  
21 that's something we are totally in favor of, that we  
22 completely support.

23 We do think, although rarely -- it's not usual --  
24 we do think that's a thing that a Chapter 7 Trustee could do  
25 in this case. And the Chapter 7 Trustee can decide what to

1 do with the property, what do to with the leases that are,  
2 let's say, in process. What to do with the prospective  
3 claims that exist against the bank and against the insiders.  
4 It is very classic Chapter 7 Trustee job responsibility to  
5 investigate those claims, bring them up -- bring them if  
6 appropriate and if they are as valuable as everyone says  
7 they are, then lawyers will be lining up to take those cases  
8 on.

9 We welcome the opportunity to discuss the merits  
10 of those claims with the Trustee if one is appointed. I  
11 have nothing further, Your Honor.

12 THE COURT: Thank you. Mr. Baker?

13 MR. BAKER: Your Honor, I understand what the  
14 Court is saying, okay, as far as appointing a Chapter 11  
15 Trustee. Biggest concern I've got is this happened in  
16 another case. The U.S. Trustee has a problem getting  
17 somebody in, and so what we would like the Court to consider  
18 as an alternative is to let the Court or let the Debtor work  
19 (indiscernible) work, find a chief restructuring officer  
20 that we could put in that has the same duties as a Chapter  
21 11 Trustee and the same responsibilities.

22 The last time this happened, I was told that we  
23 had no input in what happened. So, you know, in another  
24 case, they took somebody from the Chapter 7 panel who's bot  
25 a totally different (indiscernible) in what goes on. Close

1 it down. Okay? I had to spend a lot of time talking to the  
2 attorney for the Chapter 7 Trustee (indiscernible) the  
3 Chapter 11 Trustee, (indiscernible) convincing them not just  
4 to (indiscernible) down. A whole lot of time.

5 So, it makes a lot of sense to work with Ms.  
6 Whitworth to find somebody who's a CRO who would have the  
7 same responsibilities and duties as a Chapter 11 Trustee,  
8 somebody that understands the business. This is going to  
9 take somebody that understands the business, knows what's  
10 going on, and really wants to work to make the deal work.  
11 This is not an easy task. The Debtor said that they've got  
12 money.

13 You know, there is uncontested testimony before  
14 this Court as far as the leases, the financial projections,  
15 and everything else. There's no other testimony that the  
16 bank has put on to contradict Mr. Choudhri's testimony about  
17 this being a viable feasible plan. Now, the Court can make  
18 its own decisions, but you take \$2.5 million and you look at  
19 it, there is no question, the Debtor has got the ability to  
20 fund this going forward. We're not arguing about the  
21 fiduciary.

22 That's why the Debtor is specifically agreeing to  
23 let a chief restructuring officer come in and deal with it.  
24 So, we would ask the Court to seriously consider that. A  
25 chief restructuring officer will work very diligently and



1 I'd work with Ms. Whitworth to find somebody, get that done.  
2 This is a very feasible plan that can occur, if they get the  
3 leases in, which they believe they will, and Mr. Choudhri  
4 and Jetall have been very good at getting buildings filled  
5 up.

6 This building started off. When Blue Cross moved  
7 out, they got up to over ninety -- about 92 percent  
8 occupancy. Then when Stages left, it dropped down to 15  
9 percent. They're up to 70, almost -- if they get a couple  
10 of these other leases, they're at 88 percent. So they're  
11 back again. Okay? So what is Mr. Choudhri's issues?  
12 That's why he had to help, get a chief restructuring officer  
13 (indiscernible). I mean, that's the biggest concern that I  
14 have got. And the U.S. Trustee's office does an excellent  
15 job, but their pool of people to pull from to do this is  
16 limited as far as people that know what's going on and do  
17 this.

18 Mr. McManigle would be an excellent choice but  
19 he's already been requested and he's got a conflict and I'm  
20 not aware of anybody that really does what he does who's on  
21 the Trustee panel. So, that's why it would make sense to  
22 allow the Debtor quickly get a CRO in place and then go  
23 forward and to demonstrate to this Court we can actually get  
24 a plan put together and make it work. The Debtor can do  
25 that. The Debtor can do that.

1 I don't want to go back and rehash what happened  
2 in front of Judge Lopez's Court, but there were some things  
3 that came up in Judge Lopez's Court at the last minute that  
4 had a very significant impact, we believe, on what happened  
5 in the case and those are being addressed right now.

6 So, you know, we'd like to ask the Court to allow  
7 the Debtor to move forward, to give the Debtor a time period  
8 to get a CRO in place, and if a CRO is not put in place,  
9 then the U.S. Trustee can appoint a Chapter 11 Trustee.

10 THE COURT: Thank you. Mr. Sather, you have  
11 anything to say?

12 MR. BAKER: Your Honor, Mr. Choudhri as a  
13 creditor, a party in interest, would also like to address  
14 the Court.

15 THE COURT: No.

16 MR. BAKER: Okay.

17 THE COURT: Thank you.

18 MR. SATHER: Just starting with the basics, Your  
19 Honor, on the motion to dismiss or convert. The burden is  
20 on the moving party, the creditor. They promised us they  
21 were going to show two things, loss or diminution to the  
22 estate and inability to confirm a plan. When it comes to  
23 loss or diminution to the estate, all they've shown is  
24 failure to pay property taxes, without showing how that  
25 diminishes the estate, and the estate was not created until

1 the bankruptcy case was filed on December 5th. So, I don't  
2 think that has been shown.

3 Inability to confirm a plan, I don't think that at  
4 this early stage, they have met their burden. We are less  
5 than 60 days in, and they would -- at this stage, they would  
6 need to show that there was no confirmable plan that could  
7 be proposed in this case. You know, pretty much how most  
8 Chapter 11 cases work, is you file your plan and it goes  
9 through revisions.

10 And so the fact -- we don't expect the first plan  
11 that is filed to be perfect, but there's certainly some good  
12 raw material to work with here, and the fact that there is  
13 someone willing to put in \$2.5 million to make this work and  
14 the fact that they are presently funding the operations of  
15 the Debtor does speak a lot about the ability to get to a  
16 resolution here.

17 Now, Ms. Whitworth has done a good job of showing  
18 the need for an independent fiduciary. I've got -- I have a  
19 CRO candidate who I liked, who I worked with in another  
20 case, Angelo DeCaro. I believe he would be qualified to be  
21 a Chapter 11 Trustee also, but you know, there are concerns  
22 with having a fiduciary and I think that is a solvable  
23 problem and not one that mandates dismissal or conversion.

24 And finally, I'd just say the idea that a Chapter  
25 7 Trustee is going to do anything other than abandon the

1 property, and not pursue the claims, seems unpersuasive to  
2 me. You know, Chapter 7 Trustee don't operate businesses.  
3 They are not permitted to administer a case for the benefit  
4 of a secured creditor. They can't propose a plan. At best,  
5 they can try to sell the property, but it doesn't look like  
6 there is equity above and beyond the debt, so that there  
7 wouldn't be an incentive for a 7 Trustee to sell.

8 And as far as a Chapter 7 Trustee investigating  
9 the claims against the bank, that really only makes sense in  
10 a reorganization because if it's just going to be an offset  
11 against the debt, there's no incentive for a 7 Trustee to  
12 pursue it. And so, I think that dismissing or converting --  
13 well, converting would be -- benefit one creditor and harm  
14 all the others. So I think that's a bad idea.

15 THE COURT: Thank you. All right. Here's what  
16 the Court is going to do. Court makes the following finding  
17 of facts and conclusion of law. The Court clearly  
18 understands the value differential between the business'  
19 continued operation or its liquidation, and for that reason,  
20 I don't think at this point in time a conversion to a  
21 Chapter 7 is appropriate.

22 I have a Debtor who is in his second bank -- or a  
23 Debtor that's in its second bankruptcy case, where the first  
24 case was dismissed for cause. All I've seen relative to  
25 financials are conflicting financials between two cases that

1     you can easily read to support a fact that the Debtor can't  
2     fund a plan. I have a plan and disclosure statement filed  
3     yesterday that has, I'll just say, glitches, incomplete  
4     financials, and a Debtor who wants time to fix those  
5     financials.

6             And I will say from the record that there's been a  
7     change in circumstances from the dismissal of the first case  
8     to this case that's material, I don't think I've heard any  
9     evidence that supports that. I'll note that the first case  
10    was filed on July 5th, 2023. The second case was filed on  
11    December 5th, 2023.

12            The major problem is I have conflicts of interest  
13    in this case. I don't have an independent Debtor. I have  
14    management, basically approving payments to itself. Okay?  
15    The schedules in this case are inconsistent. There's  
16    discrepancies. And what I basically have is creditors of  
17    the Debtor running the Debtor, which doesn't work. All  
18    right?

19            So, I'm not aware of any Fifth Circuit authority  
20    that allows me to do this, but I'm certainly aware of Ninth  
21    Circuit authority that gives me the authority to appoint a  
22    Chapter 11 Trustee sua sponte. I'm going to do that. I'm  
23    going to cite you to a case at 76 F.3d 256, 258 for the  
24    authority to do that. I'm doing it based on what I've just  
25    read into the record.

1 I'm going to give the Debtor an opportunity, if  
2 they want, to kick money in to pay a Chapter 11 Trustee if  
3 they think they can make a good go of it. If someone's  
4 going to pay that Chapter 11 Trustee and if you're willing  
5 to put \$2.4 million into a plan to confirm a plan, you can  
6 decide whether you want to pay a Chapter 11 Trustee to  
7 decide if this is going to go or not.

8 If you don't, and we can't find a Chapter 11  
9 Trustee, I'll convert the case to Chapter 7. All right?  
10 I'll draft an order based on what I just read into the  
11 record. I would spend more time, but we are now past my  
12 4:30 cutoff to go to Laredo and I'm going to run out the  
13 door and run to the airport, and I will see all of you all  
14 later. Thank you.

15 CLERK: All rise.

16 (Proceedings adjourned at 4:31 p.m.)  
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I N D E X

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CERTIFICATION

I certify that the foregoing is a correct transcript from  
the electronic sound recording of the proceedings in the  
above-entitled matter.

A handwritten signature in black ink, reading "Sonya M. Ledanski Hyde". The signature is written in a cursive, flowing style. The first name "Sonya" is written in a larger, more prominent script, followed by the middle initial "M." and the last name "Ledanski Hyde". The signature is positioned on a light gray rectangular background.

Sonya Ledanski Hyde

Veritext Legal Solutions

330 Old Country Road

Suite 300

Mineola, NY 11501

Date: February 5, 2024



INTERNATIONAL BANKING GROUP | Credit Proposal Summary  
Galleria 2425 Owner, LLC



# Galleria 2425 Owner, LLC

\$51.675MM 5 Year Term Loan secured by Mortgage

ORIGINATING UNIT: NBK-NY

8 March 2018

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**INTERNATIONAL BANKING GROUP** | Credit Proposal Summary  
**Galleria 2425 Owner, LLC**



## I - Executive Summary

### Request

1. Request approval of this new \$51.675MM Mortgage Term Loan, with a tenor of 5 years.

### Existing/Proposed Exposure

Facility	Existing Limits	Proposed
New Mortgage Loan to Galleria 2425 Owner, LLC	USD 0 MM	USD 51.675 MM
<b>TOTAL :</b>	<b>USD 0 MM</b>	<b>USD 51.675MM</b>

Industry	External Rating	Relationship Since	Total Equity	Total Revenues	Net Profit
Real Estate Investment	N/A	New	N/A	\$5.7MM	\$4.9MM NOI

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



### II - Purpose of Submission

- NBK-NY is seeking approval for a \$51.675MM, senior secured, 5 year term loan.
- The Loan will be used to purchase the Property, an 11-story 283,156 sf office building located in the Galleria submarket of Houston TX.
- The Property is a multi-tenant building which is **currently 91.5% leased**.
- The Loan has a **53.7% LTV** based on the Property's \$96.9MM "As-Is" market value.
- This opportunity was presented to NBK-NY after NBK-Geneva recommended that one of the Sponsors, Naissance Capital, contact NBK-NY about providing the senior debt in the deal.
- **NBK-Geneva, on behalf of some of its Private Banking clients, will be providing funding for ~16% of the capital structure.**
- Jetall, the other Sponsor, acquired this Property in 2013 as a value-add investment reflecting the Property's worn condition and low occupancy rate.
- **In 2016 Jetall invested \$20MM to upgrade and remodel the Property** and then entered into a number of new leases to bring the current occupancy to 91.5%.
- Jetall is now monetizing its investment to redeploy the capital and is doing so via a joint venture arrangement with Naissance Capital. The joint venture will own the SPV set up to buy and hold the Property.
- The Primary tenant (67%) is Specialty Retailers Inc., a wholly owned subsidiary of Stage Stores Inc., an unrated publicly traded firm with over 835 small department stores in 38 states that in 2016 generated sales of \$1.4Bn. The next biggest tenant is Jetall at 9.28%.
- The Stage lease has over 10 years remaining and Jetall's has over 8 years remaining.
- Thus, the **average lease life for the entire Property is ~9 years.**

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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
**Galleria 2425 Owner, LLC**



## II - Summary Terms & Conditions

<u>Borrower:</u>	Galleria 2425 Owner, LLC
<u>Sponsors:</u>	Naissance Capital and Jetall
<u>Facility:</u>	Senior Secured Mortgage financing of the purchase of the Property
<u>Amount:</u>	\$51,675,000
<u>Property:</u>	283,156 SF Office Building in Houston, Texas
<u>Maturity:</u>	5 years from closing (~April 2023)
<u>Amortization:</u>	None
<u>Interest Rate:</u>	LIBOR plus 180 basis points
<u>Up Front Fee:</u>	50 bps
<u>LTV:</u>	The Senior Loan to Value will be 53.7% at closing, based on the recently appraised value of \$96.9MM.
<u>Covenants:</u>	<ol style="list-style-type: none"> <li>1) Senior Loan to Appraised Value shall not exceed 60%</li> <li>2) Debt Service Coverage Ratio (Net Operating Income / annual debt service) shall be not less than 1.2x, tested annually.</li> </ol>
<u>Key Tenant Covenant:</u>	A default under the key tenant lease will trigger a restriction on distributions

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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
**Galleria 2425 Owner, LLC**



## II - Summary Terms & Conditions

- Security:
- (a) A first priority, perfected recorded mortgage in the Property (the "Mortgage").
  - (b) First priority collateral assignment of all leases, subleases, rents, licenses, concession agreements, and similar contracts and property income.
  - (c) First priority, perfected lien and security interest in all fixtures, furnishings and equipment and other personal property owned by Borrower and used in connection with the Property.
  - (d) First priority collateral assignment of all management agreements and other agreements affecting the Property, etc.

Loan Guarantor: None

Other Guarantees: Full Environmental and Bad Boy guarantees to be provided by a 3<sup>rd</sup> party acceptable to NBK.

Events of Default; Other

Terms & Conditions: To be in line with market practice and customary for this type of transaction.

Documentation: To be prepared by NBK's external counsel.

Reporting Policy Exceptions:

1. We have received three years of historical financial statements from the Borrower but they are not Audited statements.
2. Going forward, as a single purpose Real Estate LLC, Borrower will continue to provide financial statements but will not be producing Audited Annual financial statements.
3. There is no financial Loan Guarantee

We are comfortable with these exceptions based on: our analysis focuses on the Property's cash flow which is derived from fixed price leases; fixed rents provide steady predictable cash flows; the requirement going forward that the Borrower will provide financial statements of review quality and acceptable to us; the loan is fully secured by the Property; the Property will be annually appraised by independent third parties and such appraisals will include a review of revenues and expenses of the Property.

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



## II - Summary Terms & Conditions

### Key Credit Risks and Mitigants:

**Key Tenant Risk:** 67% of this property is leased to a tenant with a weakening credit profile. Specialty Retailers is a guaranteed subsidiary of Stage Stores Inc., a large publicly listed (unrated) retailer. Stage Stores operates a large group of retail department / clothing stores across the US. The retail industry is challenging right now and like many others in the industry, the Company is experiencing declining same store sales and is losing money.

#### *Mitigant:*

- This space is the company's corporate headquarters and there is a long term lease in place.
- Even in a bankruptcy/reorganization scenario, the courts would allow the company to continue to pay critical leases to continue operating and so the headquarters lease payments could continue to be made.
- A more likely scenario is that tenant would seek to downsize its space to reduce costs and the Sponsor is prepared to work with the tenant on that.
- In fact, part of the strategy of the Sponsor to improve the overall tenant profile by decreasing the reliance on this one tenant and also improve the profitability of the building by re-leasing some of this space at higher rates.
- The Sponsor is well along in finalizing lease negotiations with a local Houston bank to take a substantial 52,000 sf of the property, half of this space would be provided by Specialty Retailers vacating a floor and the new rent will be higher than that current rent.
- Furthermore, even if Specialty Retailers vacated its space and it had to be re-leased, in a worst case scenario, the space could be re-leased for a little as \$15/sf (well below current market rates) and still provide sufficient cash flow to meet debt service.
- Although the Houston market has demonstrated some softening in general, with slightly rising vacancy rates, it generally remains sound and is expected to improve in 2018.
- More specifically the Galleria area commands top rents and will continue to benefit from the expansion of the new River Oaks Project.
- The Loan to Value on the building is good at 53.7%.

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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
**Galleria 2425 Owner, LLC**



## II - Summary Terms & Conditions

### Key Credit Risks and Mitigants:

The Building is an older, Class "B" property.

#### *Mitigant:*

- The Property recently underwent a \$20MM renovation and was extensively upgraded with high end, Class A level amenities.
- The Property is well known due to its unique design by I.M. Pei and is well located, with high visibility.
- The Property is located in the upscale Galleria submarket of Houston, which commands top rents.

(Note: We visited the Property as part of our due diligence and were impressed by the Property, particularly the high quality of the renovations, its location and the favorable outlook for this Houston sub-market.)

Ownership structure with Mezzanine Debt at the Parent level that will need to be serviced with distributions from our Borrower.

#### *Mitigant:*

- NBK-NY's Senior Loan benefits from Mezzanine Debt being at the Parent level and not a direct obligation of our Borrower.
- The Cash Flow will be sufficient to service both obligations but our Senior Loan will always have the first priority.
- The loan structure will have constraints on distributions related to covenants / Defaults and also Key Tenant lease defaults.

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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
**Galleria 2425 Owner, LLC**



## II - Summary Terms & Conditions

### **Sources of Repayment (with strength of each source – strong, medium etc):**

**Primary:** Cash flow from the Property; the building is well established and the leases in place provide operating income of \$5MM for a DSCR of 2.8X. Strong.

**Secondary:** Sale of the building; it is newly renovated and in a good location. Strong.

### **Deal Economics and Profitability:**

Based on a loan of \$51.675MM and a margin of 180 bps and an upfront fee of 50 bps, the Bank will earn \$4.9MM over the 5 year life of the loan. ROC is 9.4% / RAROC 18.8% on an unsecured basis and ROC is 15.1% / RAROC is of 18.8% on secured basis.

This deal represents NBK-NY's first opportunity to work with Jetall and Naissance. Jetall has developed over 30 commercial properties and 250 luxury residential units in the Houston and Dallas markets, including over 1 million sq. ft. of commercial office space in the affluent Houston Galleria submarket.

Naissance has advised its clients on a number of large (\$50-\$150MM) commercial real estate transactions in the UK and the US. Both companies are considered strong potential sources for future deals.

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**INTERNATIONAL BANKING GROUP** | Credit Proposal Summary  
Galleria 2425 Owner, LLC



### III - Business Overview

#### Overview

- The Property known as One West Loop Plaza is an 11-story, 283,156 sf Office Building located on 2.45 acres at 2425 West Loop South, Houston, Texas.
- The Property was constructed in 1980 and is the design of world renowned architect I.M. Pei.
- The current owner, Houston-based Jetall Companies Inc., purchased the property in 2013 and then in 2016 invested \$20MM in a major renovation of the property and so although its age makes it Class B, it has been upgraded to a high end property offering Class A amenities.
- The property was bought as a value-add transaction.
- At the time, the building was majority leased to Blue Cross Blue Shield of Texas and the company's lease was expiring. The building had not been renovated since it was complete 1980 and was rundown, therefore, the plan was to not renew the Blue Cross lease, renovate the property and re-lease at higher rates.
- Jetall has been successful in executing this plan and the Property is currently at 91.5% occupancy.

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



### III - Business Overview

#### Sources and Uses

- Jetall is now seeking to monetize this asset to invest in other projects; it is doing this via a sale of the building but Jetall will retain an ownership interest.
- Jetall and Naissance are forming a new Joint Venture to own the SPV which will purchase and hold the Property.
- The sale price of the Property is \$79.5MM (lower than Appraised value due to Jetall equity interest retention); the sources and uses of the transaction are as follows:

Source of Funds			%	Uses of Funds		
Senior Loan	\$	51,675	63%	Purchase Price	\$	79,500
Cash Equity	\$	29,905	37%	Reserves & Costs	\$	2,080
<b>TOTAL</b>	<b>\$</b>	<b>81,580</b>			<b>\$</b>	<b>81,580</b>

- The Equity for the purchase will be provided by the Joint Venture, which will get funding from the two equity partners as well as from \$16.975MM of Mezzanine Debt being indirectly provided by NBK-Geneva on behalf of Private Banking clients of NBK.
- This is a loan to the parent JV of the Borrower and not to the Borrower and therefore, the Mezzanine Debt will have no lien or claim on the Property.
- The Loan to Cost above is 63% but the Loan to Value is 53%, based on the appraised value of the Property: the difference being the actual equity value of the owners vs the cash equity of the transaction.

Loan to Value:			%			
Senior Loan	\$	51,675	53%	Appraised Property Value	\$	96,900
Equity Value	\$	45,225	47%		\$	-
<b>TOTAL</b>	<b>\$</b>	<b>96,900</b>			<b>\$</b>	<b>96,900</b>

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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
Galleria 2425 Owner, LLC



### III - Business Overview

#### Ownership

- The SPV Galleria 2425 Owner, LLC is being formed to own the Property. As outlined in the attached organization chart, this LLC will be owned by Galleria 2425 JV, LLC, a member managed joint venture between Naissance Capital Real Estate, LLC, which will be the managing member and have a 2% interest. An affiliate of Jetall will own the 98% balance of the JV but be a passive investor.
- The NKB-NY Senior Debt will be to the LLC and secured by the Property. NBK-Geneva will be providing \$16.975MM of Mezzanine Debt to the JV entity, and this loan will be secured by a pledge of the JV interests.
- Naissance Capital Ltd., a UK based firm with a US footprint and a management team with a 10+ year track record. (Naissance approached NBK-NY at the suggestion of NBK-Geneva).
- Jetall Capital is a private investment firm which invests in real estate in high-growth, high barrier-to-entry markets. Jetall Capital has made successful investments in office, retail and residential (both single and multi-family) opportunities, both as fee-simple and as a lender.
- Naissance is hiring Transwestern Property Management (TPM) for property management and leasing, TPM is a large well experienced company that manages properties all across the US, including many in the Houston and the broader Texas area.

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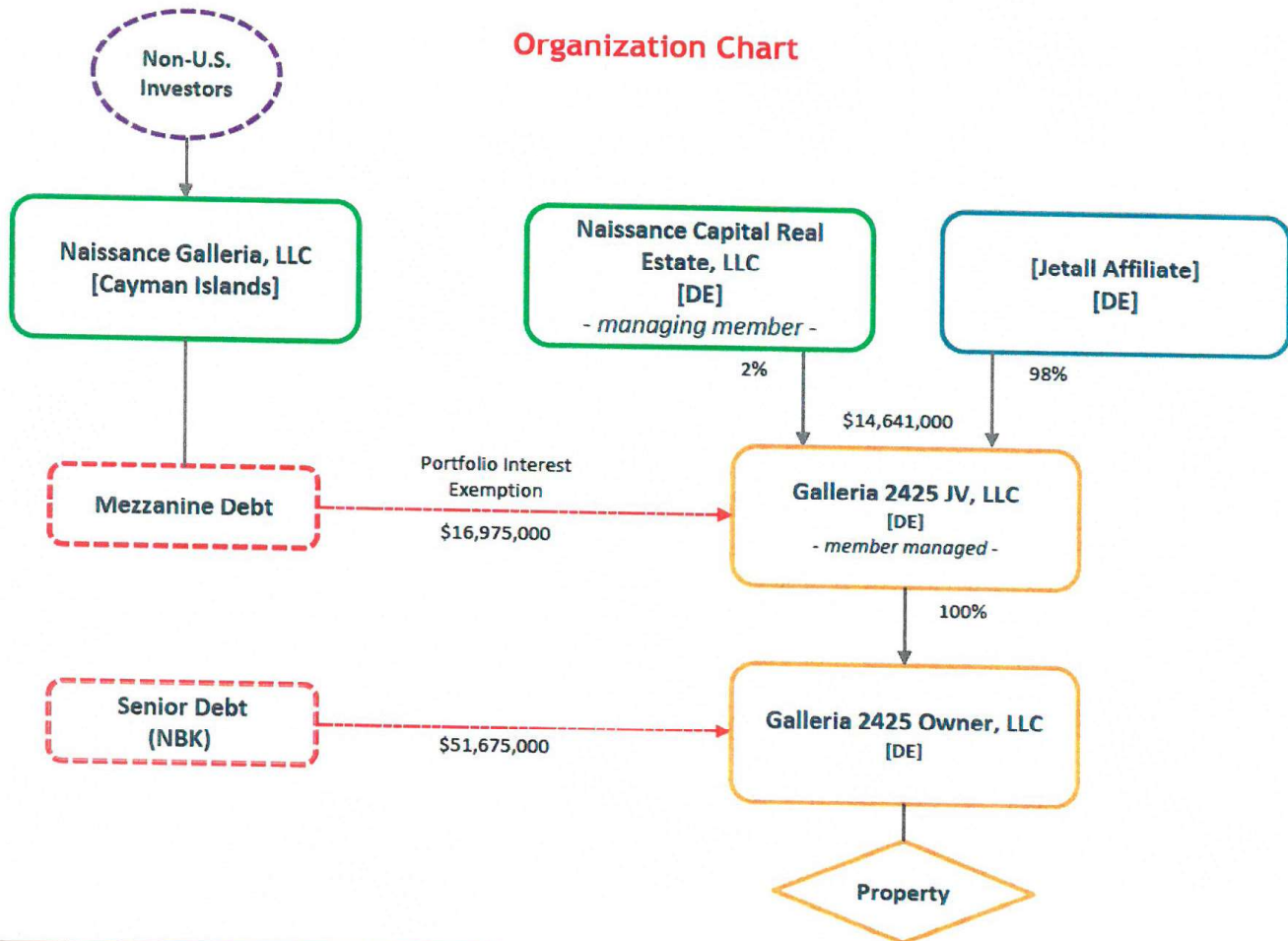
## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



## III - Business Overview

## Organization Chart



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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



### III - Business Overview

#### Property Overview

- 2425 West Loop South is an 11-story office building located in the heart of the Galleria area of the city of Houston Tx.
- The average floor plan contains ~26,000 sf and its expansive windows provide panoramic views of Houston.
- The Property includes a 9-story parking garage to service the building; tenants are allocated a certain number of spaces and some tenants are provided reserved spaces. The garage also generates income from renting excess spaces to adjacent properties; a picture of the Property is on the next page, the garage is to the left.
- The renovation of the building upgraded it to Class A level of amenities, providing high end touches such as retina scanners for building and floor access and brand new, state-of-the-art elevators.
- There is a Concierge Service to help tenants, an on-site gourmet deli, a full on-site state of the art fitness center, free valet parking for visitors and a free luxury Jetvan shuttle for all tenants, which will provide door to door service to the airport, the local golf course or the many local restaurants.
- The property is well located in the upscale Galleria section of Houston and provides a good commute as it is right off of a highway which easily connects to several other highways.
- Being adjacent to a hotel, near the Galleria (the largest mall in Texas, with 3 million sf), and down the street from the new 1.4 million sf luxury mixed use River Oaks project, the property offers tenants and visitors a wide array of shopping, dining, and lodging options.
- As mentioned earlier, the NBK-NY General Manager and Relationship Manager visited the Property in Feb 2018 were given a full tour of the property and the surrounding areas.
- They were also shown and provided with extensive details on the renovations.
- During their visit they also met with the CEO of the largest tenant, Specialty retailers/Stage as well as the current owner, Jetall.

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Galleria 2425 Owner, LLC



### III - Business Overview

#### Property Overview



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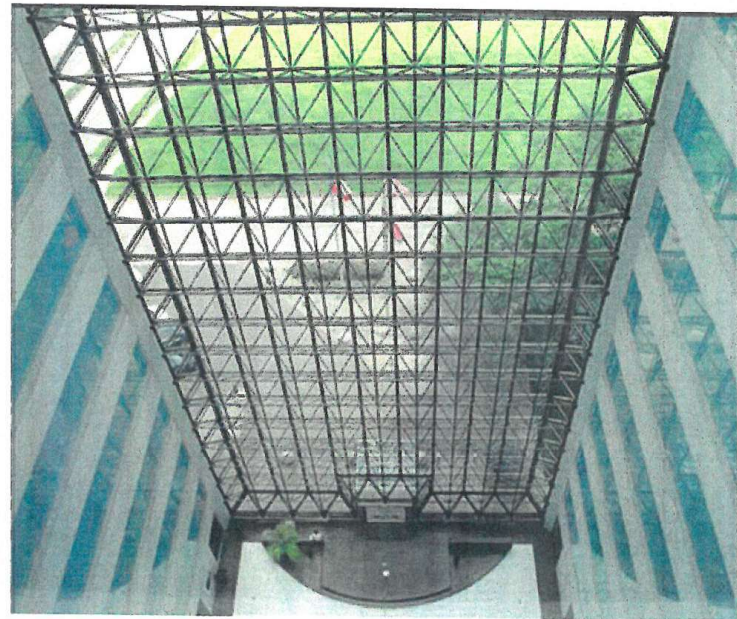
**INTERNATIONAL BANKING GROUP** | Credit Proposal Summary  
Galleria 2425 Owner, LLC



### III - Business Overview

#### Property Overview

- The building features a beautiful 11-story atrium fronted by clear glass mounted on a space frame and a roof of reflective glass; a good example of the improvements made is that metal railings on each floor were removed and replaced with glass barriers to create a cleaner, more modern look.
- Additionally white marble was installed in the expansive lobby floor to capitalize on the bright sunlight entering the space by virtue of the atrium.



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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
**Galleria 2425 Owner, LLC**



### III - Business Overview

#### Tenants

- The building is 91.5% occupied by a group of diversified tenants. The Rent Roll as of Jan 2018 is below, these rents are the 2018 rates and so this the estimated 2018 base rent revenue:

Tenant	Sq Ft Leased	% of Sq Ft	Lease End Date	Rent Per Sq Ft	Annual Base Rent*	% of Base Rent
Specialty Retailers	189,192	66.8%	Jul-28	\$21.25	\$4,020,330	72%
Jetall	26,265	9.3%	Mar-26	\$25.00	\$656,625	12%
Regus	19,984	7.1%	Aug-19	\$13.50	\$269,784	5%
Sibs International	1,220	0.4%	Feb-20	\$27.03	\$32,977	1%
Vasso's Bar and Grill	2,860	1.0%	Jun-21	\$20.50	\$58,630	1%
PEM	2,754	1.0%	Nov-19	\$36.00	\$99,144	2%
Dr Velasco	5,130	1.8%	Dec-25	\$37.00	\$189,810	3%
G3 Visas & Passports	1,245	0.4%	Jan-23	\$21.00	\$26,145	0%
Wallis Bank	3,054	1.1%	Dec-21	\$38.75	\$118,343	2%
Prime Lending	4,323	1.5%	Apr-22	\$25.50	\$110,237	2%
Fitness Center	2,987	1.1%	Jan-26	0	\$0	0%
<b>Currently Leased</b>	<b>259,014</b>	<b>91.5%</b>			<b>\$5,582,024</b>	<b>100.0%</b>
Ruggles Black**	4,545	1.6%	Dec-24	\$35.00	\$159,075	
Other Vacant	19,597	6.9%				
<b>Total Building Size</b>	<b>283,156</b>	<b>100%</b>			<b>\$5,741,099</b>	
*Actual reported rent will be off slightly by timing differences of rate changes.						
**New lease with terms verbally agreed to but still to be finalized.						

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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
Galleria 2425 Owner, LLC



### III - Business Overview

#### Tenants

- Most of the leases are on a triple net basis although a few are on a gross basis and this is reflected in the different rates show above.
- The largest tenant by far is Specialty Retailers, which accounts for ~67% of annual rent revenue. The second largest tenant is Jetall, the current sole owner of the property that is creating the JV with Naissance Capital.
- Together, these two tenants account for ~77% of the total current leased space and both have very long term leases.
- Jetall's lease runs through 2026; Jetall will remain in the space as contracted by the lease but they are willing to re-locate to another of its buildings if the Property can re-lease this space at higher rents. This would improve the cash flow and value of the building, which benefits Jetall as an equity owner.
- The next largest tenant, Regus, leases 7% of the building and has an unusually low rent; it was put in place many years ago as this is the oldest tenant, having been in the building since 1995. This lease has the nearest maturity and the plan will be to seek a large increase in this rent to current market prices; either from the current tenant or from a new tenant.
- Therefore, while the Property's income is currently more than ample to service the debt, there is upside to improve profitability:
- The Sponsor is in the last stages of finalizing a lease with Ruggles Black (a restaurant) for space on the first floor, this would improve occupancy to 93% and improve profitability with the \$35sf gross rent rate.

**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
**Galleria 2425 Owner, LLC**



### III - Business Overview

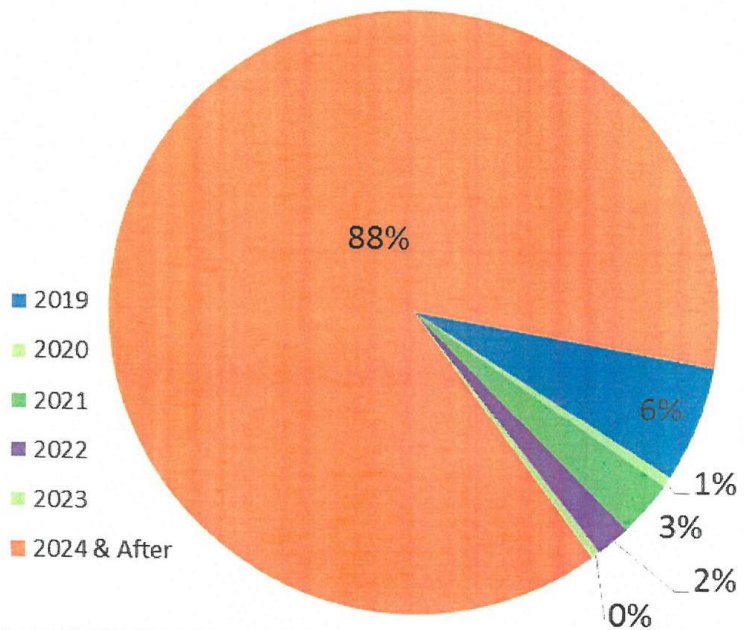
#### Tenants

- The Sponsor is also well along in lease negotiations with a local bank to take a substantial 52,000 sf.
- This would be two entire floors of the building; Specialty Retailers has agreed to vacate one floor and Jetall would move entirely so that there will be two adjacent floors for this bank to move into.
- The proposed rent will be higher than either of the current rates so occupancy would remain unchanged but profitability would improve.

#### Lease Maturity Profile:

- The balance of the tenants are well diversified by company type and by lease maturity dates.
- This chart illustrates that a full 88% of total revenue is derived from leases which mature AFTER the April 2023 loan maturity date, however, the majority of that is the key tenant, Specialty Retailers.

**Schedule of Lease Maturities by Amount**



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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
Galleria 2425 Owner, LLC



### III - Business Overview

#### Tenants: Key Tenant

- Specialty Retailers Inc. is a wholly owned subsidiary of Stage Stores, Inc., a NYSE listed (symbol: SSI) corporation; Stage Stores guarantees the lease obligations of Specialty Retailers.
- This tenant occupies the top 7 floors of the building and also a small space on the first floor. The company moved to this location Jan 2016, consolidating several other locations into this one new Corporate Headquarters.
- The current rent is \$21.25 sf and escalates 2.5% a year, to \$26.25 in the last year of the lease in 2028. The tenant got six months rent abatement but spread out to be month 1, month 13, month 25 (ie: Jan 2018 so it will pay just 11 months rent in 2018) but then the remaining three months are not until the last three months of the lease in 2028.
- The lease is on a NNN basis and the tenant will pay its proportional share of expenses and taxes.
- The lease has a Contraction Option which allows the tenant to reduce its occupancy by two full floors, this option only available for the period of 2020-2023 and only with no less than one year's notice; the lease also has a one-time early termination option - for the last three years of the lease (2026-2028) and only with no less than one year's notice.
- As the key tenant in the building the company gets several perks such as a dedicated elevator to its top floors and reserved parking spots for executives.
- Stage Stores is a retailer of apparel, accessories, cosmetics, footwear and home goods, with 835 moderately prices department stores located mainly in small and mid-sized towns throughout 38 US states. The Company does have stores in Houston as well but it has benefitted from its broader business model of being one of the few stores in smaller towns, this has insulated it from competition to a degree but the Company now does face the same competitive pressures from e-commerce that other brick & mortar stores are facing.

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



### III - Business Overview

#### Key Tenant

- The Company was formed in 1988 with the merger of retail chains which had been in business since the 1920's.
- It has grown substantially since then, mostly by acquisition of other chains so that it now holds many different store names.
- The Company did file for Chapter 11 bankruptcy in 2000 but did successfully reorganize the business and it was a steadily performing company for many years thereafter, with gross margins of ~27% and producing net profits.
- However, the Company has been facing challenging industry conditions in recent years and has experienced declining same store sales.
- In 2016 the Company closed 37 stores and still experienced an 8.8% same store sales decline. The profit margin fell to 20.7% and the Company posted a \$58MM operating loss for the first time.
- The Company took steps to cut costs and reposition certain stores but was also impacted by Hurricane Harvey in Sept 2017, which disrupted sales in the Houston area and damaged several stores.

<b>Stage Stores Inc.</b> FYE Jan 31 (\$000's)	FYE2017	FYE2016	FYE2015	FYE2014
Total Revenue	\$ 1,592,275	\$ 1,444,433	\$ 1,604,433	\$ 1,638,569
Operating Income	\$ (42,711)	\$ (55,012)	\$ 8,572	\$ 63,702
Net Income	\$ (37,323)	\$ (37,897)	\$ 3,780	\$ 30,850
Gross Margin	22.8%	20.7%	24.7%	27.5%
Total Stores	835	798	834	854
<b>Balance Sheet</b>				
Total Assets	\$ 806,406	\$ 786,989	\$ 848,099	\$ 824,677
Debt Obligations	\$ 180,350	\$ 170,163	\$ 165,723	\$ 47,388
Total Equity	\$ 344,114	\$ 380,160	\$ 429,753	\$ 475,930

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

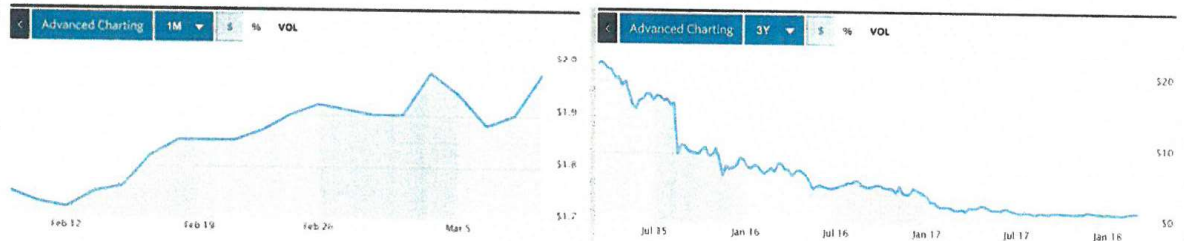
Galleria 2425 Owner, LLC



### III - Business Overview

#### Key Tenant

- For FYE2017 the store count rose even though the Company closed 21 stores as it acquired 58 Gordmans stores during 2017; this contributed to the higher YOY sales even though for the full year same store sales declined 3.6%. Although sales were higher and the gross margin improved slightly for the full year, there was still a \$42.7MM Operating Loss for the year.
- Stage Stores did take heart from an improved trend as the fourth quarter ended Jan 31 2018 (4Q17) was improved and this is the key period for retailers: in 4Q17, sales rose from \$454MM to \$549MM and there was **\$20MM of Operating Income vs a \$7MM Operating Loss in 4Q16**.
- There was a \$5.6MM Net Profit vs \$6.8MM Net Loss and **importantly, same store sales grew 1.1%**.
- Thus, the Company's efforts to improve its operations, with better inventory turn refreshing store merchandise, more effective promotions and enhancements to its online business, did favorably impact results.
- However, leverage did continue to rise and guidance for next year still reflects an Operating Loss and Net Loss.
- The announced results today had only a minor impact on the stock price and it remains very low at \$1.98. The 52 week high was \$3.00 on 27-Apr-17 and the low was \$1.45 on 16-Aug-17. While the stock did improve over the last month, it was only very slightly; the longer term picture reflects the stock dropping significantly over the past three years:



- The Market Cap of \$54MM is well below the FYE17 \$344MM book value.

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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
Galleria 2425 Owner, LLC



### III - Business Overview

#### Location

- The Property is in the suburbs of Houston, Tx. With a population of 2.3 million people, Houston is the most populous city in Texas, and the fourth most populous city in the United States; with ~6.7 million people, the broader Houston / The Woodlands / Sugar Land metropolitan area is the fifth-most populated in the United States.
- The Property is located in the "Galleria" subset of Houston; so named for the Galleria Mall, a Simon owned, upscale mixed-use shopping mall which consists of a retail complex, two Westin hotels, and three office towers.
- The Property is very close to this mall, which, with 3 million sf space is the largest mall in Texas.
- It has many amenities to offer visitors and beyond shopping in the over 375 stores, it has 50 restaurants and food stores, a jogging track on the roof, a private health club and a 20,000sf ice skating rink.
- The Property is also across from the River Oaks District, a new 1.4 million sf mixed-use development which is still being built out in phases.
- The first phase has been completed and this outdoor shopping complex offers global luxury brand retail, restaurants, sidewalk cafes, and a movie theatre. There is also 92,000 sf of office space and two 5-story residential buildings.

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



### III - Business Overview

#### Location

- A new hotel is being constructed as part of the Phase two expansion of this project, it will be adjacent to the Property parking garage and a lease has been executed to rent 150 of the Parking Garage spaces to this hotel, bringing an additional source of income.
- There are many other shopping and dining options for tenants and the Property is also close to a large golf course and a country club.
- Another key draw for tenants is an excellent commute. The Property is not just adjacent to the US 290 highway, it is right at an entrance ramp for a quick exit for employees; this highway connects to two other major Houston highways.



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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**

Galleria 2425 Owner, LLC

**III - Business Overview****Location**

- Houston Area Economy:
- Houston is the 4th most populous city in the U.S. and 42.6% of its 2.2 million residents are 25-54 years old.
- The city had experienced strong growth from its Oil & Gas industry but has also diversified its economy to have a broad base in other sectors such as manufacturing, aeronautics and transportation.
- It has the Port of Houston, which ranks first in the United States in international waterborne tonnage handled and second in total cargo tonnage handled.
- Houston is also a leader in the health care sector. Only New York City has more Fortune 500 company headquarters than Houston.
- The drop in energy prices at the end of 2014 and the resulting decline in Oil & Gas activities did impact the Houston economy, although primarily so that its growth slowed as opposed to creating a downturn.
- GDP growth slowed from the very strong 6% in 2013 and had a 1% decline in 2016 but rose in 2017 and is expected to be reported as ~1.3% for the full year.

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC

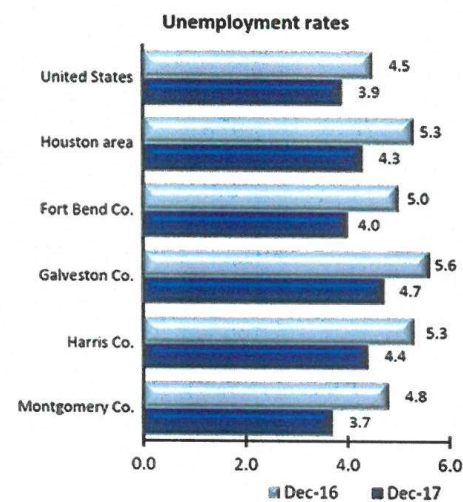


### III - Business Overview

#### Location

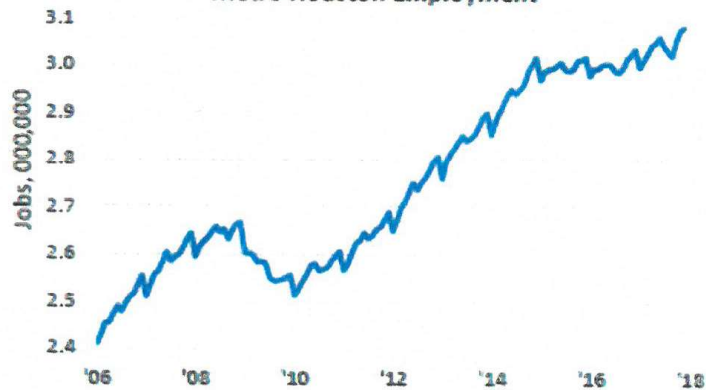
- Houston Area Economy:
- Additionally, Houston did see its unemployment rate rise and after almost a decade of being lower than the national average, Houston's unemployment rose to 5.3% in 2016, higher than the US 4.5% average.
- However, unemployment has again decreased and was a low 4.3% in 2017.
- The Houston metro area created 46,000 jobs in 2017, only a little less than the average 50,000 to 60,000 new jobs per year; thus, 2017 ended with total employment of 3,082,000, a new peak for the region.

Unemployment rates for the Houston area, selected area counties, and the nation



Source: U.S. BLS, Local Area Unemployment Statistics.

Metro Houston Employment



- Moody's expects the Houston economy to improve in 2018, with GDP rising to 4% and unemployment dropping to 4.1%.

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



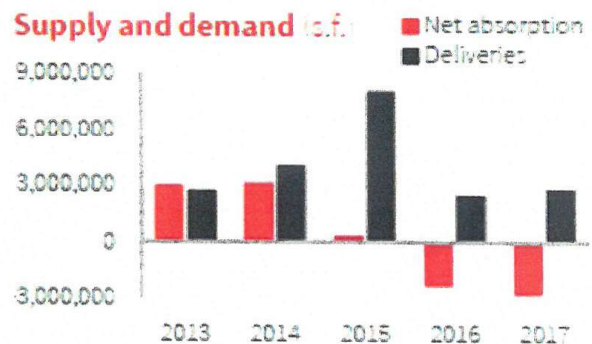
### III - Business Overview

#### Location

##### Market Overview

- The Houston market has been strong for many years but it was impacted by the downturn in oil prices at the end of 2014.
- The strong market had driven expansion and so new deliveries were high in 2015 but absorption was quite low.
- Thus, vacancy rose and net absorption has been negative in 9 of the last 12 quarters as over 13.0 million sf of new construction had been delivered:

#### Total vacancy



- Leasing activity slowed and sublease activity account for almost a high ~25% of all leasing activity in 2017.
- However, the slowdown in activity has resulted in a slowdown in new construction and so with less new deliveries, the market should return to a better balance in 2018.

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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
**Galleria 2425 Owner, LLC**



### III - Business Overview

#### Location

- The JLL Houston Office statistics in Attachment #1 does highlight that a good portion of the recent completions were in the Galleria area, 980,000 sf of completions in 2017 resulted in a negative 607,226 absorption, which is second only to the downtown area. There is additional supply under construction as well, although only 104,579 sf. This has raised the vacancy rate to 21.2% but this is still slightly lower than the 23.2% for the overall Houston area. However, breaking this down to Class A and Class B, most of the inventory and new supply is Class A properties, which command average rents of \$37.62sf (gross rent); this is among the highest in the suburban regions, second only to Katy Freeway West.
- However, as illustrated on the following chart, the **Class B inventory is lower and vacancy is also lower at just 15.4%.**
- This Property is somewhat of a hybrid in that it has been renovated to a Class A level but it is still technically Class B, for its age if nothing else.
- With the excellent location and Class A level of amenities, it completes well against the Class B competition and commands top rates.
- However, it can also compete well against Class A properties, providing the Class A amenities in a unique building for a compelling rate.
- For example the latest lease just executed for the Property is for **\$35sf, well above the \$26.89sf average lease price for the other Class B properties in the Galleria area**, which is among the highest rates in Houston.
- This **\$35sf is closer to the average \$37.62sf rent for Class A buildings** in the Galleria submarket.

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



## III - Business Overview

## Location

Houston | Office Statistics | Q4 2017

	Class	Inventory (s.f.)	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$/s.f.)	YTD completions (s.f.)	Under construction (s.f.)
CBD	B	7,548,672	-13,621	-235,184	-3.1%	18.4%	19.4%	\$29.53	0	0
<b>CBD</b>	<b>B</b>	<b>7,548,672</b>	<b>-13,621</b>	<b>-235,184</b>	<b>-3.1%</b>	<b>18.4%</b>	<b>19.4%</b>	<b>\$29.53</b>	<b>0</b>	<b>0</b>
Midtown	B	2,267,869	2,607	-7,956	-0.4%	8.6%	9.9%	\$29.24	0	0
Greenway Plaza	B	2,571,195	8,012	-79,626	-3.1%	13.3%	13.6%	\$27.71	0	0
Greenspoint/North Belt	B	4,273,778	-20,048	-141,824	-3.3%	43.4%	44.2%	\$15.79	0	0
Northwest	B	4,667,122	-126,174	-62,089	-1.3%	19.0%	20.8%	\$20.42	0	0
San Felipe/Voss	B	3,430,031	-45,539	-114,350	-3.3%	15.9%	16.4%	\$24.13	0	0
Southwest	B	4,447,569	-119,018	-108,743	-2.4%	24.6%	24.6%	\$17.73	0	0
<b>Galleria</b>	<b>B</b>	<b>4,949,479</b>	<b>-50,769</b>	<b>-110,602</b>	<b>-2.2%</b>	<b>15.1%</b>	<b>15.4%</b>	<b>\$26.89</b>	<b>0</b>	<b>0</b>
Bellaire	B	1,187,047	14,982	20,910	1.8%	9.8%	10.1%	\$25.06	0	0
Medical Center	B	2,198,482	-2,958	26,436	1.2%	5.5%	5.5%	\$27.61	0	0
<b>Suburban Near</b>	<b>B</b>	<b>29,992,572</b>	<b>-338,905</b>	<b>-577,844</b>	<b>-1.9%</b>	<b>19.7%</b>	<b>20.3%</b>	<b>\$20.76</b>	<b>0</b>	<b>0</b>
Katy Freeway East	B	1,436,025	14,743	-3,230	-0.2%	11.2%	12.5%	\$21.83	0	0
Katy Freeway West	B	5,402,052	11,472	-226,323	-4.2%	25.4%	25.8%	\$22.37	0	0
Westchase	B	4,220,036	-27,452	-65,367	-1.5%	18.2%	19.0%	\$19.86	0	0
<b>Energy Corridor</b>	<b>B</b>	<b>11,058,113</b>	<b>-1,237</b>	<b>-294,920</b>	<b>-2.7%</b>	<b>20.8%</b>	<b>21.5%</b>	<b>\$21.45</b>	<b>0</b>	<b>0</b>
FM 1960	B	3,592,268	-28,596	-71,498	-2.0%	22.9%	23.0%	\$16.73	0	0
Sugar Land	B	1,308,292	-1,909	42,803	3.3%	10.4%	13.3%	\$21.75	0	0
Gulf Freeway/Pasadena	B	1,516,973	-5,307	-23,235	-1.5%	17.9%	17.9%	\$21.73	82,800	0
NASA/Clear Lake	B	1,924,289	-45,250	-82,213	-4.3%	25.7%	25.7%	\$18.88	0	0
The Woodlands	B	2,079,062	-6,624	-15,687	-0.8%	15.8%	16.8%	\$26.76	0	0
<b>Suburban Outlying</b>	<b>B</b>	<b>10,420,884</b>	<b>-87,686</b>	<b>-149,830</b>	<b>-1.4%</b>	<b>19.7%</b>	<b>20.3%</b>	<b>\$19.88</b>	<b>82,800</b>	<b>0</b>
<b>Houston</b>	<b>B</b>	<b>59,020,241</b>	<b>-441,449</b>	<b>-1,257,778</b>	<b>-2.1%</b>	<b>19.7%</b>	<b>20.4%</b>	<b>\$21.81</b>	<b>82,800</b>	<b>0</b>

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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
**Galleria 2425 Owner, LLC**



### III - Business Overview

#### Location

##### Comparative Properties:

- Per the recent appraisal, the comparable properties in the area are listed below; note that these average rents are below those being commanded by the Galleria 2425 West Loop Property:

SUMMARY OF RENT COMPARABLES						
No.	Name/Location	Year Built	Type	Building Size SF	Rent \$/SF	Exp. Basis
1	515 Post Oak Blvd - Houston, TX	1980	POB	274,242	\$20.00	NNN
2	1616 S Voss Road - Houston, TX	1980	POB	179,061	\$19.00	NNN
3	10500 Richmond Avenue- Houston, TX	1979	POB	96,733	\$20.67	NNN
4	2100 West Loop South - Houston, TX	1973	POB	162,336	\$19.50	NNN
	Minimum	1973	-	96,733	\$19.00	-
	Maximum	1980	-	274,242	\$20.67	-
	Average	1978	-	178,093	\$19.79	-
	Subject	1979	-	283,156	\$20.80	-

##### Comparative Sales:

- The recent appraisal also provided a list of sales of comparable properties, the most recent sale is the highest price but also the newest building:

SUMMARY OF COMPARABLE SALES						
No.	Name / Location	Sale Date	Bldg. Size (SF)	% Occ.	Year Built	Sale Price \$/SF
1	5300 Memorial Dr - Houston, TX	Jan-16	153,626	83.2%	1983	\$38,686,634 \$251.82
2	2200 Post Oak Blvd - Houston, TX	Oct-17	326,200	83.0%	2013	\$172,000,000 \$527.28
3	7789 Southwest Freeway - Houston, TX	Jun-15	131,806	89.0%	2007	\$31,644,152 \$240.08
	Minimum	Jun-15	131,806	83.0%	1983	\$31,644,152 \$240.08
	Maximum	Oct-17	326,200	89.0%	2013	\$172,000,000 \$527.28
	Average	Jun-16	203,877	85.1%	2001	\$80,776,929 \$339.73
	Subject	-	283,156	100.0%	1979	- -

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC

**III - Business Overview****Location****Comparative Sales:**

- The appraisal analysis adjusted for differences in properties and arrived at an adjusted average sale price of \$354.51 sf and the appraisal concluded the Property had a value near the midpoint of the range of \$350.00 sf.
- This provides an indicated "As Is" Fair Market Value via the Sales Comparison method calculated as follows:

SALES COMPARISON APPROACH CONCLUSION "AS IS"				
Building Size SF		\$ Per Building SF		Value
283,156	x	\$350.00	=	\$99,104,600
<b>Fair Market Value (Rounded)</b>				<b>\$99,100,000</b>

- This provides an excellent secondary repayment source as the value is slightly higher than the \$96.6MM Income Capitalization method, providing a slightly lower LTV of 52%.

## IV - Key Business Considerations and Risks

### Key Business Considerations/Risks:

- Strategic Threats: Low. Houston continues to be a growing area with solid employment opportunities.
- Growth potential: Single purpose borrower. But this new relationship with the Sponsors could bring additional real estate opportunities in the United States.
- Competition: Moderate. While there are other office buildings in the area and the Houston market has weakened in the past several years, it is beginning to rebound and with little new supply, the market will tighten.
- Barriers to entry: Moderate; it is a densely populated area and much new development is housing and retail space.
- Regulatory framework: Moderately complex; properties are subject to a variety of local, state and federal regulations and laws, including ordinances and building codes.
- Cyclicality: Moderate. The Commercial Real Estate industry typically follows the general economic cycle, which affects employment growth, property values and property yields.

## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



### V - Financial Risks

#### Financial Highlights

##### Property Profitability / Projections:

- The Property generates very good Operating Income. The three year historical financials reflect a renovation / leasing up stage and income has grown each year.
- The 2017 results were good with \$7.5MM of net Revenue and \$5MM of Net Operating income, this would have covered an estimated \$1.83MM of new loan interest 2.7X.
- In 2018, one new lease is assumed to be effective and rents all step up a bit as well so the base rent will rise and the projected net Revenue including expense recoveries (which are not 100% as some small leases are on a gross basis) and less concessions will be ~\$7.94MM.

##### Property Projections:

- The Company prepared projections based on the current leases in place and assumed the Ruggles Black lease is in place later as well.
- Thus, with 93.1% of the building leased, the property is projected to generate \$5.2MM of Operating Income in 2018, this would provide ~2.84X DSCR based on a full year's interest.
- Revenue growth is 4.9% in 2019 but then fairly muted through 2023, when our loan would mature; however, the Borrower financials are based on flat expenses YOY and so NOI does grow to \$6.5MM in 2023.
- This would provide DSCR of 2.84X - 3.56X 2018 to 2023, based on flat interest rates.

##### Additional Information:

- Since the parent level Mezzanine Debt will rely on distributions from our Borrower for Interest Payments, for illustration purposes only, we reflect the estimated Net Cash Flow available for Distributions and the estimated DSCR that this would provide the Mezzanine Debt.

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



- This is not a realistic case as although rents are contracted, it does not reflect a growth in expens.

- Therefore, NBK NY did a Base Case to adjust for expense growth.

Galleria 2425 West Loop		Borrower Projections						Loan Matures April 2023
	Actual	Projected	Projected	Projected	Projected	Projected	Projected	
Fiscal Year Ended Dec 31:	2017	2018	2019	2020	2021	2022	2023	
Base Rental Revenue	\$5,718.3	\$5,707.0	\$5,987.0	\$6,096.0	\$6,251.0	\$6,388.0	\$6,388.0	
Rise in Base Rent		-0.2%	4.9%	1.8%	2.5%	2.2%	0.0%	
Operating Expenses Recoveries	\$2,169.4	\$2,447.0	\$2,536.0	\$2,579.0	\$2,585.0	\$2,616.0	\$2,616.0	
Other Revenue	\$250.7	\$25.0	\$300.0	\$300.0	\$300.0	\$300.0	\$300.0	
Less: Concessions	\$ (638.0)	\$ (235.0)	\$ (180.0)	\$ (3.0)	\$ (13.0)	\$ (9.0)	\$ (9.0)	
Effective Gross Revenue	\$7,500.4	\$7,944.0	\$8,643.0	\$8,972.0	\$9,123.0	\$9,295.0	\$9,295.0	
Operating Expenses								
Taxes and Insurance	\$1,025.8	\$1,030.0	\$1,030.0	\$1,030.0	\$1,030.0	\$1,030.0	\$1,030.0	
Utilities	\$460.9	\$490.0	\$490.0	\$490.0	\$490.0	\$490.0	\$490.0	
Other Services / Repairs / Maint.	\$923.0	\$1,045.0	\$1,045.0	\$1,045.0	\$1,045.0	\$1,045.0	\$1,045.0	
Asset Management	\$133.1	\$164.0	\$174.0	\$183.0	\$187.0	\$191.0	\$191.0	
Total Operating Expenses	\$2,542.7	\$2,729.0	\$2,739.0	\$2,748.0	\$2,752.0	\$2,756.0	\$2,756.0	
Net Operating Income	\$4,957.6	\$5,215.0	\$5,904.0	\$6,224.0	\$6,371.0	\$6,539.0	\$6,539.0	
NBK Assumed Interest Exp.		\$1,834.5	\$1,834.5	\$1,834.5	\$1,834.5	\$1,834.5	\$1,834.5	
Debt Service Coverage		2.84	3.22	3.39	3.47	3.56	3.56	
Capital, Leasing, TI & Other		\$ 796.0	\$ 694.0	\$ 49.0	\$ 27.0	\$ 100.0	\$ 101.0	
Net Cash Flow for Distributions		\$ 2,584.5	\$ 3,375.5	\$ 4,340.5	\$ 4,509.5	\$ 4,604.5	\$ 4,603.5	
Estimated Parent Level Interest		\$ 1,442.9	\$ 1,457.4	\$ 1,472.0	\$ 1,486.8	\$ 1,501.7	\$ 1,516.8	
CF Coverage of Parent Debt		1.79	2.32	2.95	3.03	3.07	3.04	
Interest Expense Assumptions:								
Senior Loan Amount		\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	
Margin		1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	
Libor		1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	
All-in Rate		3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	
Interest Expense		\$ 1,834.5	\$ 1,834.5	\$ 1,834.5	\$ 1,834.5	\$ 1,834.5	\$ 1,834.5	
Parent Mezzanine Loan		\$ 16,975.0	\$ 17,145.4	\$ 17,317.5	\$ 17,491.3	\$ 17,666.8	\$ 17,844.2	
Parent Mezz Debt Interest @ 8.5%		\$ 1,442.9	\$ 1,457.4	\$ 1,472.0	\$ 1,486.8	\$ 1,501.7	\$ 1,516.8	

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary



Galleria 2425 Owner, LLC

## NBK Base Case:

- The revenue assumptions are unchanged.
- Expenses are the same in 2018 but then all projected to grow 3% a year (except for Asset Management Fees which remained unchanged).
- We also assume a rise in Libor, from the 1.75% for 2018 to 3.5% in 2023.

Galleria 2425 West Loop		NBK NY Branch Base Case						Loan Matures April 2023
	Actual	Projected	Projected	Projected	Projected	Projected	Projected	
Fiscal Year Ended Dec 31:	2017	2018	2019	2020	2021	2022	2023	
Base Rental Revenue	\$5,718.3	\$5,707.0	\$5,987.0	\$6,096.0	\$6,251.0	\$6,388.0	\$6,388.0	
Rise in Base Rent		-0.2%	4.9%	1.8%	2.5%	2.2%	0.0%	
Operating Expenses Recoveries	\$2,169.4	\$2,447.0	\$2,536.0	\$2,579.0	\$2,585.0	\$2,616.0	\$2,616.0	
Other Revenue	\$250.7	\$25.0	\$300.0	\$300.0	\$300.0	\$300.0	\$300.0	
Less: Concessions	\$ (638.0)	\$ (235.0)	\$ (180.0)	\$ (3.0)	\$ (13.0)	\$ (9.0)	\$ (9.0)	
Effective Gross Revenue	\$7,500.4	\$7,944.0	\$8,643.0	\$8,972.0	\$9,123.0	\$9,295.0	\$9,295.0	
Operating Expenses								
Taxes and Insurance	\$1,025.8	\$1,030.0	\$1,060.9	\$1,092.7	\$1,125.5	\$1,159.3	\$1,194.1	
Utilities	\$460.9	\$490.0	\$504.7	\$519.8	\$535.4	\$551.5	\$568.0	
Other Services / Repairs / Maint.	\$923.0	\$1,045.0	\$1,076.4	\$1,108.6	\$1,141.9	\$1,176.2	\$1,211.4	
Asset Management	\$133.1	\$164.0	\$174.0	\$183.0	\$187.0	\$191.0	\$191.0	
Total Operating Expenses	\$2,542.7	\$2,729.0	\$2,816.0	\$2,904.2	\$2,989.8	\$3,077.9	\$3,164.5	
Net Operating Income	\$4,957.6	\$5,215.0	\$5,827.1	\$6,067.8	\$6,133.2	\$6,217.1	\$6,130.5	
Interest Expense		\$1,834.5	\$2,092.8	\$2,351.2	\$2,480.4	\$2,609.6	\$2,738.8	
Debt Service Coverage		2.84	2.78	2.58	2.47	2.38	2.24	
Capital, Leasing, TI & Other		\$ 796.0	\$ 694.0	\$ 49.0	\$ 27.0	\$ 100.0	\$ 101.0	
Net Cash Flow for Distributions		\$ 2,584.5	\$ 3,040.3	\$ 3,667.6	\$ 3,625.8	\$ 3,507.5	\$ 3,290.7	
Estimated Parent Level Interest		\$ 1,442.9	\$ 1,457.4	\$ 1,472.0	\$ 1,486.8	\$ 1,501.7	\$ 1,516.8	
CF Coverage of Parent Debt		1.79	2.09	2.49	2.44	2.34	2.17	
Interest Expense Assumptions:								
Senior Loan Amount		\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	
Margin		1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	
Libor		1.75%	2.25%	2.75%	3.00%	3.25%	3.50%	
All-in Rate		3.55%	4.05%	4.55%	4.80%	5.05%	5.30%	
Interest Expense		\$ 1,834.5	\$ 2,092.8	\$ 2,351.2	\$ 2,480.4	\$ 2,609.6	\$ 2,738.8	
Parent Mezzanine Loan		\$ 16,975.0	\$ 17,145.4	\$ 17,317.5	\$ 17,491.3	\$ 17,666.8	\$ 17,844.2	
Parent Mezz Debt Interest @ 8.5%		\$ 1,442.9	\$ 1,457.4	\$ 1,472.0	\$ 1,486.8	\$ 1,501.7	\$ 1,516.8	

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**INTERNATIONAL BANKING GROUP | Credit Proposal Summary**  
**Galleria 2425 Owner, LLC**



## V - Financial Risks

### Financial Highlights

#### NYB Base Case:

- This Base Case is realistic as it has rising operating expenses and interest expense. Therefore, DSCR is lower and starts at 2.84x but decreases every year thereafter.
- However, **DSCR remains acceptable at over 2X every year** and there is sufficient cash flow to distribute to the Parent for the Mezzanine Debt service as well.

#### NYB Sensitized Case:

- This case assumes that Specialty Retailers vacates its entire space at the beginning of 2020.
- This space stays vacant for half the year and is then leased but only for \$20sf, a lower rate than currently being commanded-as a way to quickly lease the space.
- In this scenario, 2018 and 2019 are in line with the Base case but in 2020, the Base Rent drops 36% YOY, reflecting the 6 months vacancy.
- With the vacant space, expense recoveries also drop by half in 2020 and concessions would rise and thus, total revenue drops 44% in 2020.
- 2021 revenue rises due to the full year of the re-leased space and rates rise 3% thereafter but we assume a higher level of tenant turnover would require a higher level of concessions annually than the Base Case.
- Utilities and other services decrease in 2020 due to the vacant space but rebound to the Base Case levels thereafter.
- Interest rate assumptions are the same as the Base Case.

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



Galleria 2425 West Loop		NBK NY Branch Sensitized Case						Loan Matures April 2023
	Actual	Projected	Projected	Projected	Projected	Projected	Projected	
Fiscal Year Ended Dec 31:	2017	2018	2019	2020	2021	2022	2023	
Base Rental Revenue	\$5,718.3	\$5,707.0	\$5,987.0	\$3,843.3	\$5,690.2	\$5,860.9	\$6,036.7	
Rise in Base Rent		-0.2%	4.9%	-35.8%	48.1%	3.0%	3.0%	
Operating Expenses Recoveries	\$2,169.4	\$2,447.0	\$2,536.0	\$1,250.0	\$2,585.0	\$2,616.0	\$2,616.0	
Other Revenue	\$250.7	\$25.0	\$300.0	\$300.0	\$300.0	\$300.0	\$300.0	
Less: Concessions	\$ (638.0)	\$ (235.0)	\$ (180.0)	\$ (550.0)	\$ (200.0)	\$ (200.0)	\$ (200.0)	
Effective Gross Revenue	\$7,500.4	\$7,944.0	\$8,643.0	\$4,842.9	\$8,375.7	\$8,576.9	\$8,752.7	
Operating Expenses								
Taxes and Insurance	\$1,025.8	\$1,030.0	\$1,060.9	\$1,092.7	\$1,125.5	\$1,159.3	\$1,194.1	
Utilities	\$460.9	\$490.0	\$504.7	\$389.9	\$535.4	\$551.5	\$568.0	
Other Services /Repairs / Maint.	\$923.0	\$1,045.0	\$1,076.4	\$831.5	\$1,141.9	\$1,176.2	\$1,211.4	
Asset Management	\$133.1	\$164.0	\$174.0	\$183.0	\$187.0	\$191.0	\$191.0	
Total Operating Expenses	\$2,542.7	\$2,729.0	\$2,816.0	\$2,497.1	\$2,989.8	\$3,077.9	\$3,164.5	
Net Operating Income	\$4,957.6	\$5,215.0	\$5,827.1	\$2,345.8	\$5,385.8	\$5,499.0	\$5,588.2	
Interest Expense		\$1,834.5	\$2,092.8	\$2,351.2	\$2,480.4	\$2,609.6	\$2,738.8	
Debt Service Coverage		2.84	2.78	1.00	2.17	2.11	2.04	
Capital, Leasing, TI & Other		\$ 796.0	\$ 694.0	\$ 1,500.0	\$ 27.0	\$ 100.0	\$ 101.0	
Net Cash Flow for Distributions		\$ 2,584.5	\$ 3,040.3	\$ (1,505.4)	\$ 2,878.4	\$ 2,789.4	\$ 2,748.4	
Estimated Parent Level Interest		\$ 1,442.9	\$ 1,457.4	\$ 1,472.0	\$ 1,486.8	\$ 1,501.7	\$ 1,516.8	
CF Coverage of Parent Debt		1.79	2.09	(1.02)	1.94	1.86	1.81	
Interest Expense Assumptions:								
Senior Loan Amount		\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	
Margin		1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	
Libor		1.75%	2.25%	2.75%	3.00%	3.25%	3.50%	
All-in Rate		3.55%	4.05%	4.55%	4.80%	5.05%	5.30%	
Interest Expense		\$ 1,834.5	\$ 2,092.8	\$ 2,351.2	\$ 2,480.4	\$ 2,609.6	\$ 2,738.8	
Parent Mezzanine Loan		\$ 16,975.0	\$ 17,145.4	\$ 17,317.5	\$ 17,491.3	\$ 17,666.8	\$ 17,844.2	
Parent Mezz Debt Interest @ 8.5%		\$ 1,442.9	\$ 1,457.4	\$ 1,472.0	\$ 1,486.8	\$ 1,501.7	\$ 1,516.8	

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



### V - Financial Risks

#### Financial Highlights

##### NBK Sensitized Case:

- Under this scenario DSCR declines after 2018 and 2019 but is still 1.0X in 2020 and over 2X the subsequent years. Thus, the Borrower would be in covenant breach but still be able to service the Debt.
- We do note that in this scenario leasing expenses & other related costs in 2020 would need to be funded and there would be no distributions for Mezzanine Debt service that year, however, this does not impact the senior debt.

##### NBK \$15 Case:

- For illustration purposes, we have prepared a case reflecting that even if the Specialty Retailer space is re-leased in 2020 for just a low \$15sf, the Property can service its debt.
- Total revenue drops in 2020 due to the drop in the rent but all other items are held flat.
- Under this scenario, in 2020, even with the drop in rent, the Debt service is still almost 2X. With the rise in expenses and interest expense, the DSCR declines YOY but is still above the covenant minimum.

##### Summary:

- We note that the focus of our sensitivity is the credit risk profile of the largest tenant, however, the Sponsor is seeking to diversity the tenants to decrease this risk and indeed is well along in talks with a new tenant which would reduce Specialty Retailers space by ~26,000.
- Even if this is not finalized, we have demonstrated that this space can be leased at lower rates and still meet debt service.

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



Galleria 2425 West Loop		NBK NY Branch SR Re-Lease @\$15 SF Case						Loan Matures April 2023
	Actual	Projected	Projected	Projected	Projected	Projected	Projected	
Fiscal Year Ended Dec 31:	2017	2018	2019	2020	2021	2022	2023	
Base Rental Revenue	\$5,718.3	\$5,707.0	\$5,987.0	\$4,789.2	\$4,789.2	\$4,789.2	\$4,789.2	
Rise in Base Rent		-0.2%	4.9%	-20.0%	0.0%	0.0%	0.0%	
Operating Expenses Recoveries	\$2,169.4	\$2,447.0	\$2,536.0	\$2,579.0	\$2,585.0	\$2,616.0	\$2,616.0	
Other Revenue	\$250.7	\$25.0	\$300.0	\$300.0	\$300.0	\$300.0	\$300.0	
Less: Concessions	\$ (638.0)	\$ (235.0)	\$ (180.0)	\$ (200.0)	\$ (200.0)	\$ (200.0)	\$ (200.0)	
Effective Gross Revenue	\$7,500.4	\$7,944.0	\$8,643.0	\$7,468.0	\$7,474.2	\$7,505.2	\$7,505.2	
Operating Expenses								
Taxes and Insurance	\$1,025.8	\$1,030.0	\$1,060.9	\$1,092.7	\$1,125.5	\$1,159.3	\$1,194.1	
Utilities	\$460.9	\$490.0	\$504.7	\$519.8	\$535.4	\$551.5	\$568.0	
Other Services / Repairs / Maint.	\$923.0	\$1,045.0	\$1,076.4	\$1,108.6	\$1,141.9	\$1,176.2	\$1,211.4	
Asset Management	\$133.1	\$164.0	\$174.0	\$183.0	\$187.0	\$191.0	\$191.0	
Total Operating Expenses	\$2,542.7	\$2,729.0	\$2,816.0	\$2,904.2	\$2,989.8	\$3,077.9	\$3,164.5	
Net Operating Income	\$4,957.6	\$5,215.0	\$5,827.1	\$4,563.8	\$4,484.4	\$4,427.3	\$4,340.7	
Interest Expense		\$1,834.5	\$2,092.8	\$2,351.2	\$2,480.4	\$2,609.6	\$2,738.8	
Debt Service Coverage		2.84	2.78	1.94	1.81	1.70	1.58	
Capital, Leasing, TI & Other		\$ 796.0	\$ 694.0	\$ 49.0	\$ 27.0	\$ 100.0	\$ 101.0	
Net Cash Flow for Distributions		\$ 2,584.5	\$ 3,040.3	\$ 2,163.6	\$ 1,977.0	\$ 1,717.7	\$ 1,500.9	
Estimated Parent Level Interest		\$ 1,442.9	\$ 1,457.4	\$ 1,472.0	\$ 1,486.8	\$ 1,501.7	\$ 1,516.8	
CF Coverage of Parent Debt		1.79	2.09	1.47	1.33	1.14	0.99	
Interest Expense Assumptions:								
Senior Loan Amount		\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	\$ 51,675	
Margin		1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	
Libor		1.75%	2.25%	2.75%	3.00%	3.25%	3.50%	
All-in Rate		3.55%	4.05%	4.55%	4.80%	5.05%	5.30%	
Interest Expense		\$ 1,834.5	\$ 2,092.8	\$ 2,351.2	\$ 2,480.4	\$ 2,609.6	\$ 2,738.8	
Parent Mezzanine Loan		\$ 16,975.0	\$ 17,145.4	\$ 17,317.5	\$ 17,491.3	\$ 17,666.8	\$ 17,844.2	
Parent Mezz Debt Interest @ 8.5%		\$ 1,442.9	\$ 1,457.4	\$ 1,472.0	\$ 1,486.8	\$ 1,501.7	\$ 1,516.8	

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## VI - Recommendations

### Strengths

- The Property is currently 91.5% occupied but the Property Owner is negotiating a new leases to bring that to 93%.
- The Property just underwent a substantial \$20MM renovation to bring it up to a Class A level property, with many very high end amenities.
- The current Property income is more than sufficient to cover debt service - at the current occupancy level, no upside assumptions are needed.
- The Loan to Value is a good 53.7%, based on the \$96.9MM "As Is" value.
- With a Sales Method valuation, the \$99.1MM valuation provides a strong 52% LTV.
- The Property has a long term lease maturity profile, with 88% of rent related to leases expiring after the loan maturity.
- The Property is well positioned in the upscale Galleria area of Houston, which is benefitting from the new River Oak District project which is still expanding.
- The greater Houston area is expected to experience growth in GDP and employment in 2018.

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## VI - Recommendations

### Weaknesses

- There is key tenant risk as one tenant with a weakening credit profile currently leases 67% of the space, however, the owner is working to let the tenant consolidate and re-lease some of that space, with one new tenant lined up already; re-leasing risk is lower as cash flows are strong enough that the property can service debt even at a much lower than current rent rate if needed.
- There are several smaller tenants with leases maturing prior to the loan maturity, however, none of these amounts are significant and leasing interest in the Property has been strong; there are two new long term leases currently being finalized.
- There is no financial loan guarantee, however, there is a strong equity commitment via the 53% Loan to Value ratio and projected cash flows support the loan well with a good DSCR.
- No amortization.
- The Houston real estate market has been weakening as a result of the downturn in the Oil & Gas industry, however, there is less new supply going forward and this will improve absorption and vacancy rates; the vacancy rate for the Property's upscale Galleria submarket of 15.4% is good and lower than the broader Houston market.



## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



### VI - Recommendations

#### Conclusion

NBK-NY recommends approval of the proposed \$51.675MM 5 year loan, secured by a first priority lien on the Property, based on the following:

- The Property has just been renovated, with a \$20MM investment bringing it up to a Class A level property.
- The LTV at closing will be a strong 53.7%.
- The Property is currently 91.5% leased and this should shortly rise to 93% with the finalization of a lease in negotiation.
- There is key tenant risk due to the large 67% occupancy of Specialty Retailers but the Sponsor is working to reduce this and is in final negotiations for a large lease to take one of Speciality Retailers' floors.
- Although this new lease would not raise occupancy, the new higher rental rates would improve cash flows - but this is not needed for debt service, which is projected to be over 2X with existing leases.
- The Property is well located in the upscale Galleria submarket of Houston, which enjoys a lower than average vacancy rate.
- NBK-NY was recommended to the Sponsor by NBK-Geneva, which enjoys a good relationship with Naissance.
- Recommend a "C" rating.

**INTERNATIONAL BANKING GROUP** | Credit Proposal Summary  
Galleria 2425 Owner, LLC



## VI - MICC Recommendations

- Recommendation

## APPENDICES

- A. Appendix A - RAROC
- B. Appendix B - JLL Market Information

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# INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



Transaction 1		Ref Name: 2425 W Loop	Transaction Status: PROPOSED	Report Date : 08-Mar-18	Report Ccy : USD
Obligor Profile			Facility Terms		Pricing
<div>Obligor : 2425 W Loop</div> <div>Country : United States</div> <div>Region : North America</div> <div>Industry : Real Estate</div>			<div>Facility Type : Funded Facility</div> <div>Exposure Type : Corporate</div> <div>Additional Exposure Type : SL Income Producing RE</div> <div>Slotting Internal Grading Rate : STRONG</div>		<div>Spread above Mkt Bench. (%)1.800%</div> <div>Total Fees p.a. : 0.10%</div> <div>Matched Funding Liquidity Premium (%)0.45%</div> <div>Override COF/Liq Premium : </div>
Obligor Ratings			Security		Other Capital Parameters
<div>Moody's : </div> <div>S&amp;P : </div> <div>Fitch : </div> <div>Composite External Rating : Not Rated</div> <div>Internal Rating : 5</div> <div>Internal Equivalent Mapped Rtg : Ba</div> <div>Anchor Rating PD : Ba</div>			<div>Facility Size : 51,675,000</div> <div>Exposure at Default (EAD) : 51,675,000</div> <div>Amortization : NO</div> <div>Transaction Currency : USD</div> <div>Facility Maturity : 1-Mar-23</div> <div>Tenor (T in Years) : 4.98</div> <div>Avg. Maturity (If Amort) : </div>		<div>Regulatory :</div> <div>Regulatory Haircut : N/A</div> <div>Net Eligible Collateral (USD) : 0</div> <div>Net Reg Exposure (USD) : 51,675,000</div> <div>Reg RWA (in USD) : 51,675,000</div> <div>Effective Reg Provision p.a. (Reg EL) : 0.20%</div> <div>Economic :</div> <div>1-year Prob. of Default (PD) : N/A</div> <div>Cumulative 5-year Prob. of Default (PD) : N/A</div> <div>Override PD : </div> <div>Unsec. Part : </div> <div>Sec. Part : </div> <div>Loss Given Default (LGD) : N/A</div> <div>Override LGD : </div> <div>Blended : N/A</div> <div>PD Source: N/A - Using Basel Supervisory Slotting Methodology</div>
Country Risk Profile			Booking		
<div>Sov Moody's LT FC : AaaSTABLE</div> <div>Sov S&amp;P LT FC Issuer : AA+uSTABLE</div> <div>Sov Fitch Issuer LT FC : AAASTABLE</div> <div>Sov Composite Rating : Aaa</div> <div>Country Risk Scores :</div> <div>Country : 21Banking : 23Ccy : 25Sov : 15Political : 19Econ. Struct. : 25</div> <div>SY CDS (bps) : 30.3Country Score : 4.5</div>			<div>Collateralization : Unsecured</div> <div>Booking Location : New York</div>		
Risk/Returns Metrics			Returns on Capital		
<div>RISK :</div> <div>RegulatoryEconomi</div> <div>Cost of Risk/Exp. Loss (%Nominal) : 0.20%0.40%</div> <div>Capital Charge (%Nominal) : 17.00%5.60%</div> <div>Consumed Capital (USD) : 8,784,7502,893,800</div> <div>Equity Charge (USD) : 7,532,79914.58%</div> <div>RETURNS p.a. :</div> <div>% Nominal</div> <div>Gross Income (NI + Fees) (USD) : 826,8001.60%</div> <div>Net Income (NI) (USD) : 826,8001.60%</div> <div>Liquidity/Tenor Adjusted NI (USD) : 749,2881.45%</div> <div>Risk-Adjusted Income (AI) (USD) : 542,5881.05%</div> <div>DIVERSIFICATION BENEFITS :</div> <div>PREPOST</div> <div>Geographical Variance : 0.7112%0.7090%</div> <div>Industry Variance : 0.9749%0.9771%</div> <div>Score : 0.73</div>			<div>TRANSACTION</div> <div>8.5%9.4%18.8%</div> <div>ROC (FTP)ROC RELATIONSHIPRAROC</div> <div>EXISTING ONLY : N/AN/AN/A</div> <div>EFFECT OF PROPOSED SINGLE TRANSACTION on EXISTING : 8.5%9.4%18.8%</div> <div>ROC (FTP)ROCRAROC</div>		

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## INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



Attachment #2

Houston



Q4 2017

## Office Statistics

		Class	Operating Revenue (\$)	Operating Expenses (\$)	Operating Income (\$)	Operating Income Margin (%)	Total Revenue (\$)	Total Expenses (\$)	Total Income (\$)	Total Income Margin (%)	YTD Revenue (\$)	YTD Expenses (\$)	YTD Income (\$)
<b>Houston Totals</b>													
	A		108,581,173	-89,669	-1,500,682	-1.4%	20.2%	24.7%	\$35.30	2,736,644	1,978,465		
	B		59,020,241	-441,449	-1,257,778	-2.1%	19.7%	20.4%	\$21.61	82,800	0		
<b>Totals</b>			<b>167,601,414</b>	<b>-531,118</b>	<b>-2,758,460</b>	<b>-1.6%</b>	<b>20.0%</b>	<b>23.2%</b>	<b>\$10.55</b>	<b>2,819,444</b>	<b>1,978,465</b>		
<b>CBD</b>													
	Totals		35,561,535	-179,460	-1,170,841	-3.3%	17.4%	20.9%	\$41.60	1,056,658	778,344		
<b>Totals</b>			<b>35,561,535</b>	<b>-179,460</b>	<b>-1,170,841</b>	<b>-3.3%</b>	<b>17.4%</b>	<b>20.9%</b>	<b>\$41.60</b>	<b>1,056,658</b>	<b>778,344</b>		
<b>Midtown</b>													
	Totals		4,120,911	120,104	35,983	0.9%	14.3%	15.5%	\$31.35	0	0		
<b>Greenway Plaza</b>													
	Totals		9,578,139	-60,455	-134,944	-1.4%	16.5%	16.9%	\$34.05	188,547	0		
<b>Greenspoint/North Belt</b>													
	Totals		8,920,132	-20,952	-321,625	-3.6%	51.0%	54.2%	\$20.79	0	0		
<b>Northwest</b>													
	Totals		8,551,128	-175,257	-87,677	-1.0%	23.4%	26.3%	\$23.89	0	0		
<b>San Felipe/Voss</b>													
	Totals		5,150,824	-34,810	-98,954	-1.9%	18.0%	18.3%	\$29.50	0	0		
<b>Southwest</b>													
	Totals		6,026,337	-198,338	-246,954	-4.1%	23.9%	24.2%	\$17.92	0	0		
<b>Galleria</b>													
	Totals		22,701,426	-136,881	-607,226	-2.7%	18.1%	21.2%	\$35.61	980,000	104,579		
<b>Bellaire</b>													
	Totals		2,278,583	-3,311	21,470	0.9%	10.7%	11.7%	\$24.65	0	0		
<b>Medical Center</b>													
	Totals		3,528,258	7,697	-29,471	-0.8%	9.0%	9.2%	\$29.70	0	0		
<b>Suburban Near</b>													
	Totals		71,605,738	-502,204	-1,469,398	-2.1%	22.1%	24.1%	\$27.28	1,168,547	104,579		
<b>Katy Freeway East</b>													
	Totals		5,547,268	-1,068	27,342	0.5%	14.5%	15.7%	\$34.21	238,173	0		
<b>Katy Freeway West</b>													
	Totals		19,700,169	-64,928	-443,164	-2.2%	23.4%	32.3%	\$30.93	86,255	243,583		
<b>Westchase</b>													
	Totals		13,012,970	155,976	48,876	0.4%	19.4%	24.2%	\$29.39	187,011	0		
<b>Energy Corridor</b>													
	Totals		38,260,407	89,980	-386,946	-1.0%	20.7%	27.1%	\$30.76	511,439	243,583		
<b>FM 1960</b>													
	Totals		5,876,912	-24,110	9,008	0.2%	18.3%	18.9%	\$18.16	0	0		
<b>Sugar Land</b>													
	Totals		4,232,491	84,064	101,595	2.4%	8.5%	10.2%	\$26.75	0	147,159		
<b>Gulf Freeway/Pasadena</b>													
	Totals		1,516,973	-5,307	-23,235	-1.5%	17.9%	17.9%	\$21.73	82,800	0		
<b>NASA/Clear Lake</b>													
	Totals		3,260,980	-44,996	-108,342	-3.3%	17.4%	18.0%	\$30.07	0	0		
<b>The Woodlands</b>													
	Totals		7,286,378	79,995	269,789	3.7%	18.4%	19.2%	\$30.79	0	704,800		
<b>Suburban Outlying</b>													
	Totals		22,173,734	60,566	248,725	1.1%	18.3%	17.1%	\$23.39	82,800	851,959		
<b>Houston</b>			<b>167,601,414</b>	<b>-531,118</b>	<b>-2,758,460</b>	<b>-1.6%</b>	<b>20.0%</b>	<b>23.2%</b>	<b>\$10.55</b>	<b>2,819,444</b>	<b>1,978,465</b>		
<b>CBD</b>													
	A		28,012,863	-165,839	-935,657	-3.3%	17.1%	21.3%	\$44.49	1,056,658	778,344		
<b>Totals</b>			<b>28,012,863</b>	<b>-165,839</b>	<b>-935,657</b>	<b>-3.3%</b>	<b>17.1%</b>	<b>21.3%</b>	<b>\$44.49</b>	<b>1,056,658</b>	<b>778,344</b>		
<b>Midtown</b>													
	A		1,853,042	117,497	43,939	2.4%	21.3%	22.5%	\$32.42	0	0		
<b>Greenway Plaza</b>													
	A		7,356,944	-68,468	-50,318	-0.8%	17.6%	18.1%	\$36.09	188,547	0		
<b>Greenspoint/North Belt</b>													
	A		4,646,354	-904	-179,801	-3.9%	57.9%	61.4%	\$24.45	0	0		
<b>Northwest</b>													
	A		3,884,006	-49,083	-25,588	-0.7%	28.6%	32.8%	\$25.99	0	0		
<b>San Felipe/Voss</b>													
	A		1,720,793	10,729	15,396	0.9%	22.1%	22.1%	\$35.86	0	0		
<b>Southwest</b>													
	A		1,578,768	-79,320	-138,211	-8.8%	22.2%	22.8%	\$18.41	0	0		
<b>Galleria</b>													
	A		17,751,947	-86,112	-496,624	-2.8%	18.9%	22.8%	\$37.62	980,000	104,579		
<b>Bellaire</b>													
	A		1,091,536	-18,293	560	0.1%	11.7%	13.5%	\$24.31	0	0		
<b>Medical Center</b>													
	A		1,729,776	10,635	-55,907	-3.2%	13.3%	13.9%	\$33.23	0	0		
<b>Suburban Near</b>													
	A		41,613,166	-163,299	-891,554	-2.1%	23.9%	26.8%	\$31.08	1,168,547	104,579		
<b>Katy Freeway East</b>													
	A		4,111,243	-15,811	30,572	0.7%	15.6%	16.8%	\$37.88	238,173	0		
<b>Katy Freeway West</b>													
	A		14,298,117	-76,400	-216,841	-1.5%	22.6%	34.8%	\$35.57	86,255	243,583		
<b>Westchase</b>													
	A		8,792,934	183,428	114,243	1.3%	19.9%	26.7%	\$34.45	187,011	0		
<b>Energy Corridor</b>													
	A		27,202,294	91,217	-72,026	-0.3%	20.7%	29.4%	\$35.50	511,439	243,583		
<b>FM 1960</b>													
	A		2,284,644	4,486	80,506	3.5%	11.1%	12.4%	\$28.21	0	0		
<b>Sugar Land</b>													
	A		2,924,199	56,893	58,702	2.0%	7.7%	8.8%	\$31.24	0	147,159		
<b>Gulf Freeway/Pasadena</b>													
	A		0	0	0	0.0%	0.0%	0.0%	\$0.00	0	0		
<b>NASA/Clear Lake</b>													
	A		1,336,691	254	-26,129	-2.0%	5.6%	6.9%	\$24.15	0	0		
<b>The Woodlands</b>													
	A		5,207,316	86,619	285,476	5.5%	19.5%	20.1%	\$33.23	0	704,800		
<b>Suburban Outlying</b>													
	A		11,752,850	148,252	398,555	3.4%	13.3%	14.3%	\$31.37	0	851,959		
<b>Houston</b>			<b>168,581,173</b>	<b>89,669</b>	<b>1,500,682</b>	<b>1.4%</b>	<b>20.2%</b>	<b>24.7%</b>	<b>\$35.30</b>	<b>2,736,644</b>	<b>1,978,465</b>		

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# INTERNATIONAL BANKING GROUP | Credit Proposal Summary

Galleria 2425 Owner, LLC



Houston | Office Statistics | Q4 2017

	Class	Inventory (sq. ft.)	Total net absorption (sq. ft.)	YTD total net absorption (sq. ft.)	YTD total net absorption (% of stock)	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD completions (sq. ft.)	Under construction (sq. ft.)
CBD	B	7,548,672	-13,621	-235,184	-3.1%	18.4%	19.4%	\$29.53	0	0
<b>CBD</b>	<b>B</b>	<b>7,548,672</b>	<b>-13,621</b>	<b>-235,184</b>	<b>-3.1%</b>	<b>18.4%</b>	<b>19.4%</b>	<b>\$29.53</b>	<b>0</b>	<b>0</b>
Midtown	B	2,267,869	2,607	-7,956	-0.4%	8.6%	9.9%	\$29.24	0	0
Greenway Plaza	B	2,571,195	8,012	-79,626	-3.1%	13.3%	13.6%	\$27.71	0	0
Greenspoint/North Belt	B	4,273,778	-20,048	-141,824	-3.3%	43.4%	44.2%	\$15.79	0	0
Northwest	B	4,667,122	-126,174	-62,089	-1.3%	19.0%	20.8%	\$20.42	0	0
San Felipe/Voss	B	3,430,031	-45,539	-114,350	-3.3%	15.9%	16.4%	\$24.13	0	0
Southwest	B	4,447,569	-119,018	-108,743	-2.4%	24.6%	24.6%	\$17.73	0	0
<b>Galleria</b>	<b>B</b>	<b>4,949,479</b>	<b>-50,769</b>	<b>-110,602</b>	<b>-2.2%</b>	<b>15.1%</b>	<b>15.4%</b>	<b>\$26.89</b>	<b>0</b>	<b>0</b>
Bellaire	B	1,187,047	14,982	20,910	1.8%	9.8%	10.1%	\$25.06	0	0
Medical Center	B	2,198,482	-2,958	26,436	1.2%	5.5%	5.5%	\$27.61	0	0
<b>Suburban Near</b>	<b>B</b>	<b>29,992,572</b>	<b>-338,905</b>	<b>-577,844</b>	<b>-1.9%</b>	<b>19.7%</b>	<b>20.3%</b>	<b>\$20.76</b>	<b>0</b>	<b>0</b>
Katy Freeway East	B	1,436,025	14,743	-3,230	-0.2%	11.2%	12.5%	\$21.83	0	0
Katy Freeway West	B	5,402,052	11,472	-226,323	-4.2%	25.4%	25.8%	\$22.37	0	0
Westchase	B	4,220,036	-27,452	-65,367	-1.5%	18.2%	19.0%	\$19.86	0	0
<b>Energy Corridor</b>	<b>B</b>	<b>11,058,113</b>	<b>-1,237</b>	<b>-294,920</b>	<b>-2.7%</b>	<b>20.8%</b>	<b>21.5%</b>	<b>\$21.45</b>	<b>0</b>	<b>0</b>
FM 1960	B	3,592,268	-28,596	-71,498	-2.0%	22.9%	23.0%	\$16.73	0	0
Sugar Land	B	1,308,292	-1,909	42,803	3.3%	10.4%	13.3%	\$21.75	0	0
Gulf Freeway/Pasadena	B	1,516,973	-5,307	-23,235	-1.5%	17.9%	17.9%	\$21.73	82,800	0
NASA/Clear Lake	B	1,924,289	-45,250	-82,213	-4.3%	25.7%	25.7%	\$18.88	0	0
The Woodlands	B	2,079,062	-6,624	-15,687	-0.8%	15.8%	16.8%	\$26.76	0	0
<b>Suburban Outlying</b>	<b>B</b>	<b>10,420,884</b>	<b>-87,686</b>	<b>-149,830</b>	<b>-1.4%</b>	<b>19.7%</b>	<b>20.3%</b>	<b>\$19.88</b>	<b>82,800</b>	<b>0</b>
<b>Houston</b>	<b>B</b>	<b>59,020,241</b>	<b>-441,449</b>	<b>-1,257,778</b>	<b>-2.1%</b>	<b>19.7%</b>	<b>20.4%</b>	<b>\$21.81</b>	<b>82,800</b>	<b>0</b>

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